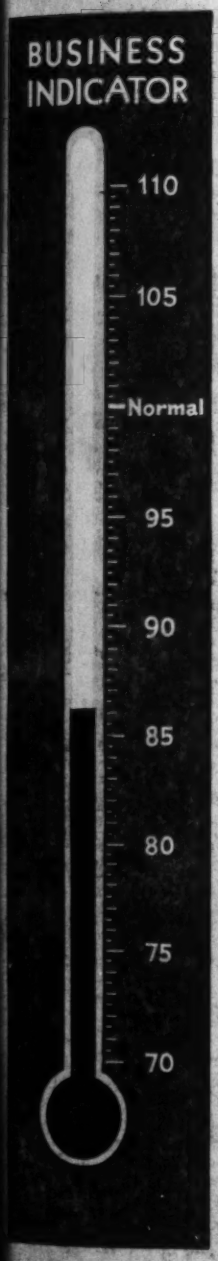
# THE BUSINESS WEEK

AUGUST 13, 1930




THE heat wave is exerting a strong influence on the business weather. The drought with the consequent increases in farm commodity prices may yet turn the wholesale commodity price level upward and stimulate advance buying. . . . . The Farm Board has been saved from the task of supporting the wheat market or disposing of the surplus by the situation in the corn belt. The rapid rise in agricultural prices may somewhat compensate for shrunken crops and leave farm purchasing power not too badly hit. . . . . Business sentiment is bullish though several statistical indicators continue to fall. Our general index of business activity fell to 86.4% of normal from 90.5% a week ago. It was 114.5% a year ago. . . . . Most encouraging is a rise in commercial loans—business men are borrowing for fall activity. Copper and steel markets continued steady while steel production fell off. . . . . Though general trade continues to sag under the strain of depleted purchasing power during the past few months, increased employment in automobile and textile centers is encouraging and will be effective soon over retail counters. . . . . Low money rates coupled with advancing bond prices continue to encourage business. Purchase of government securities by the Federal Reserve would help.

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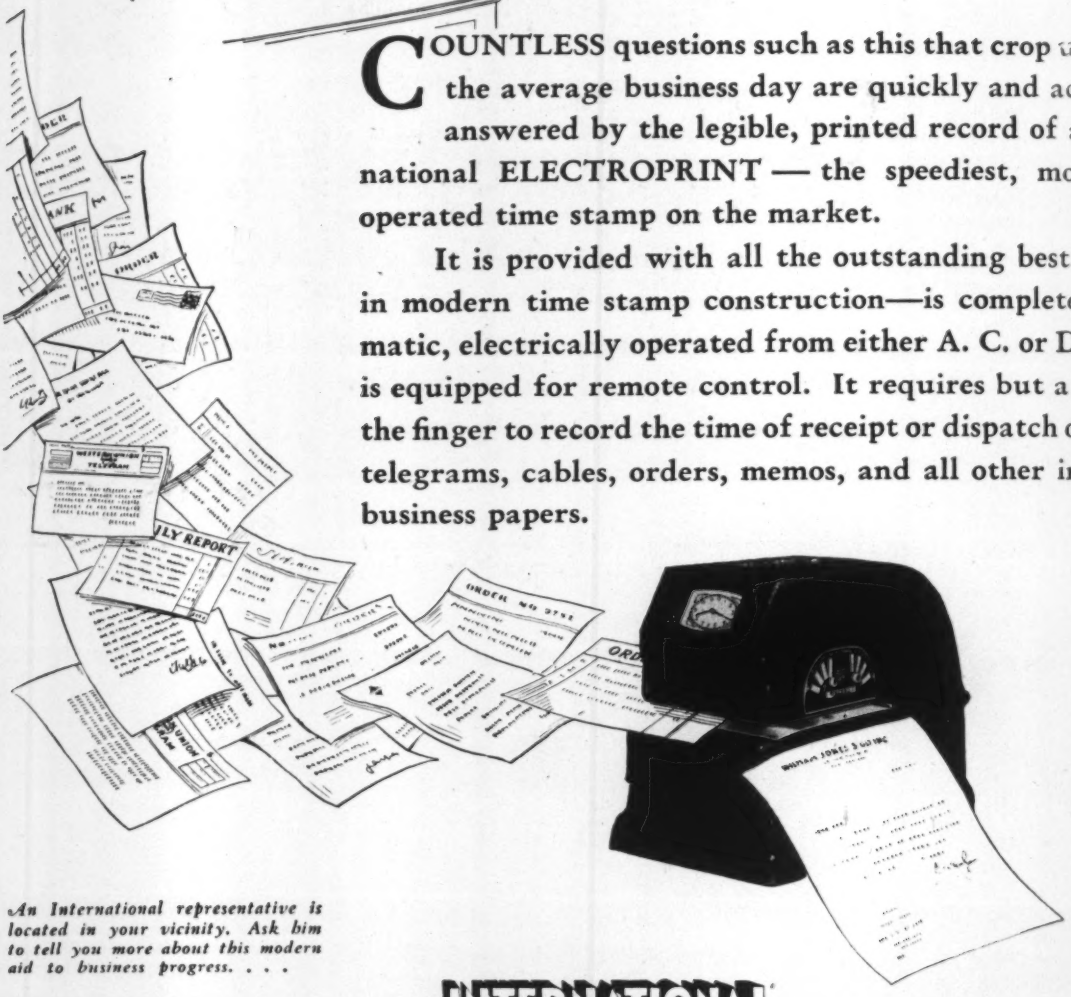

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# What's In This Issue —And Why

### Drought

DROUGHT is bringing ruin to farmers in wide areas. Higher prices, however, may compensate total farm income for the nation, may solve the wheat surplus problem, are likely to stem downward course of commodity price index, thus stimulate general business. *(page 5)*

### Cartels

THE European cables hum with fresh news of cartels, production quotas, import contingents, sales pools—all to strengthen European industry, some to weaken ours in world competition. Steel, zinc, nitrate, automobiles. *(page 7)*

### Canada

CANADA will raise all tariff rates 10% at an emergency session of Parliament, it is predicted. When Premier Bennett pledged "immediate relief," he meant immediate. *(page 9)*

### Income Tax

PRESIDENT Hoover, Secretary Mellon, would like to preserve the present low federal tax rate. There are seven factors that will help them, but all seven may not outweigh two—growing expenditures, slack business. *(page 13)*

### Retail Prices

TWO weeks ago, we reported retail prices stubbornly resisting the general downward trend of raw materials and goods at wholesale. But the picture has changed; stores are slashing. *(page 10)*

### Defense by Attack

SEARS, ROEBUCK & CO. is meeting diminished sales volume with a courageous, extensive program of expansion, adding many stores. *(page 11)*

### Oil

EFFORTS to control oil production, keep it within reason, seem at last to show results. *(page 37)*

### Marine Gas Station

THE gasoline service station goes to sea; the first of 100 floating stations for Richfield Oil Corp. is launched at Bayonne, N. J. *(page 11)*

### Hosiery

HOSIERY makers still battle a raging sea of troubles. They want further imports of knitting machines barred, and union mills cut wages deeply, the unions consenting. *(page 12)*

### Biggest Bond House

CHASE NATIONAL, world's biggest bank, acquiring Harris, Forbes, biggest bond house, merely illustrates spectacularly the trend in modern banking to go after the attractive profits in the securities field. *(page 14)*

### B. & O.

B. &. O. seems close to completion of its merger plans along I. C. C.-approved lines, close to realizing its dream of entering New York on its own rails. *(page 15)*

### Gas

WHO is going to burn all this natural gas that is being piped into most of the big cities? Industry, is the answer—not utilities' power plants, not the householder. *(page 18)*

### Congress

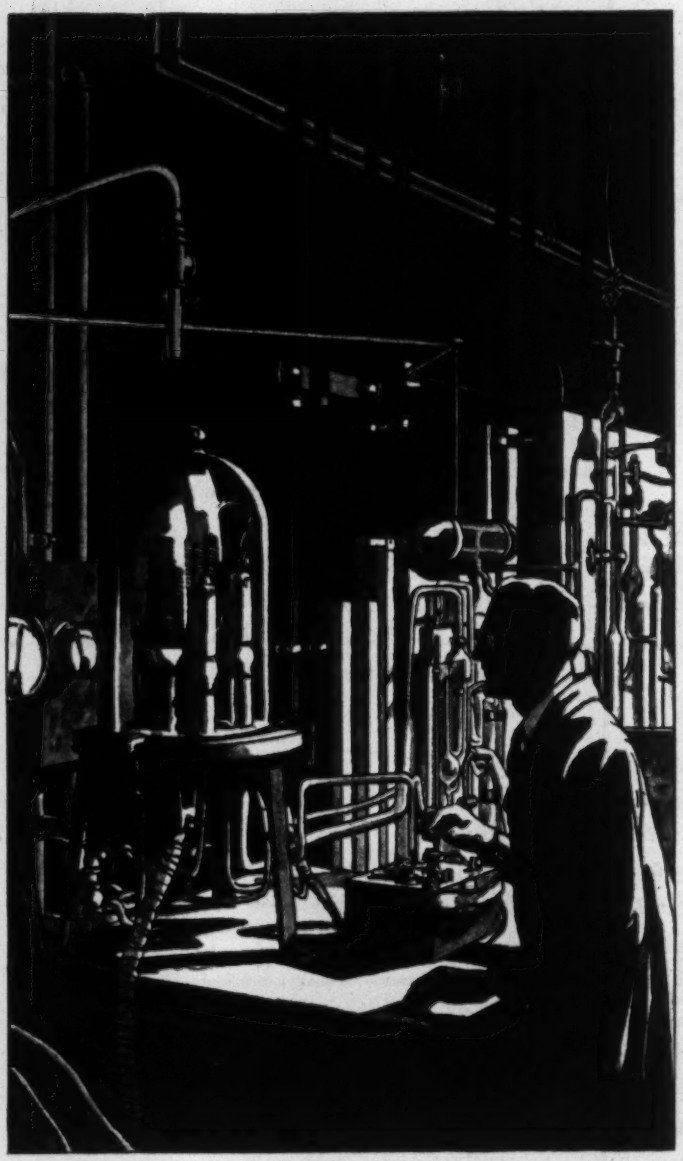
NINETEEN states will have fewer Congressmen when reapportionment under the new census is made. Eleven states will have more. Balances will shift. *(page 22)*

### Dun's, Bradstreet's

PRO and con. Supply and demand. Flotsam and jetsam. Ham and eggs. We always think of them in pairs. Also Dun and Bradstreet. But the great rating agencies, so busy this year, are and always have been rivals. *(page 26)*

ECONOMICS OF THE ELECTRICAL INDUSTRY

# TOMORROW'S COST PROBLEMS...



## ...in Today's LABORATORIES

Modern science may well smile at the medieval alchemist, calling vainly upon the powers of darkness to aid him in transmuting base metal to gold. The workers in today's research laboratories call upon the powers of electricity — and secrets of far greater value are their almost daily reward.

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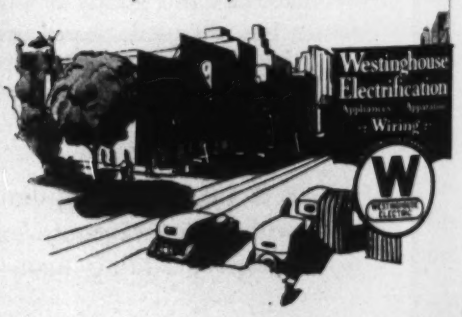


# THE BUSINESS WEEK

*The Journal of Business News and Interpretation*

News of the week ending Aug. 9, 1930


# Drought Hurts Wide Areas But Checks Decline of Prices

## Firmer Markets Offset Losses to an Important Degree, While Also Stimulating Buying

THE worst drought since 1894 and 1901 has sharply changed the agricultural picture, and with it, general business prospects. It has spread distress to a whole new body of farmers. But the troublesome wheat surplus will be cut, and the decline in crop prices has been slowed, in some cases halted.

Weather prophets see no end to the drought yet. Some of the damage is beyond repair even if good rains should come soon. Only 36% of normal precipitation has occurred in recent weeks in large parts of the Middle West.

### *Balancing Factors*

The next two or three weeks will be critical. Decline in prices of agricultural commodities has been checked. These have been leaders in the general price decline which has braked business seriously.

Farmers in the drought area will lose heavily. But better prices other farmers get will be an important offset; no student of agricultural economics is ready to say the total farm income for the nation will be increased but the consensus of opinion seems to be there will not be much decrease.

Meanwhile, it is important to remember that business revival needs nothing else so badly as the conviction that the long, down curve of basic commodity prices has turned upward.

### *Food Becomes Feed*

Drought swung through its fourth week, wrecking havoc on corn, barley, oats, rye, hay, forage, fruits, and vegetables, on livestock and dairy products. Shortage of normal feeds forces farmers to sacrific their livestock (glutting the meat market now; creating future shortage), or feed wheat. The wheat fed reduces the surplus. Chairman Legge of the Farm Board urges the feeding of wheat.

His advice is being followed increasingly. Runup of 15 cents a bushel in corn prices to a point above wheat stimulated it. So did scarcity of hay and pasturage. Shortage of corn and other feed will bring considerable use of wheat for poultry feed also.

Wheat at $1.12 is just as cheap as corn at $1.00 for cattle and hog feed. Wheat at $1.06 is as cheap as $1.00 corn for sheep and poultry feed. Ordinarily, 5% of the wheat crop, that is, 30 to 40 million bushels, is used for feed. This year the Department of Agriculture says this quantity will be doubled or tripled.

The situation sent September wheat in Chicago up 8 cents a bushel to 93 cents. Foreign buyers appeared. They had news of bad crops at home, were apprehensive of further price bulges here.

### *Speculators Come Back*

The world wheat crop was estimated this week 14½% below last year, but above the 5-year average. Speculators are coming back into the market. The wheat pit ignored the increase in the visible supply of 15 million bushels, bringing it to 155,194,000 bushels against 137,387,000 bushels a year ago. Present crop is being marketed rapidly in many sections, while feeding has just begun to reach important proportions.

The situation remains highly uncertain, dependent upon the duration of the drought and more exact information upon the extent of the damage. The Department of Agriculture is preparing a detailed report for next week. But developments have brought a definite change.

The wheat belt is helped. Wheat has been damaged, but much less than other grains. Chances are the crop will bring a better price than could have been expected two weeks ago. That will care for farmers better this season than the Farm Board's policy of letting prices drag the very bottom. Farmers at the same time may be impressed that they have been saved only by Providence, and may reduce acreage to prevent recurrence of surplus. Or they may not. At any rate, another year the situation should not be so critical for the whole business structure.

Farmers in the Middle West and Northwest other than wheat farmers are hit badly. The corn raised will bring a better price than for many years, but most sections will get only three-quarters to four-fifths of a normal crop. No leading state has prospects for an average crop.

Rising corn prices mean little to the farmer because only 15% of corn is sold. The rest is fed on the farm where it is grown.

### *President Pledges Aid*

Agricultural income is being sharply reduced in many new quarters. Livestock, fruit, and vegetable raisers are hit.

President Hoover promises every effort will be made to help. In some regions farmers are appealing for road work employment to obtain a livelihood. Railroads are asked for rate reductions to shift livestock and feed from one region to another.

The surplus of dairy products is reported wiped out. Prices will rise. They had slumped sharply.

Banks hear appeals to extend credit more freely to prevent sacrifice of livestock, which would deplete herds, endanger dairy supplies in coming months, and work additional hardship on many farmers. Banks generally are in strong condition, will be able so to act.

Currently the wheat crop appears to be near previous estimates of about 807 million bushels. Corn will be short from 300 million to 600 million bushels of the government's July 1 estimate of 2,805 million bushels.

### *Cotton Prospects Uncertain*

Cotton resists drought much better than grains, but has been affected to an undetermined extent. Foreign purchases have not yet been stimulated, though, and the New Orleans exchange estimate of an increase of 1,665,000

bales in carry-over weights prices down. Offsetting damage to the plant is the fact that the drought also checks weevil damage.

The administration has heard strong revival of demand for the debenture and equalization fee. Vigorous steps are being taken to combat this sentiment.

## Huge Farm Machinery Orders Placed by Soviet

"INDIRECT and inconclusive," the Treasury pronounced the evidence that Russian pulpwood is produced by convict labor. It removed the embargo; announced future request for embargoes must be accompanied by conclusive proof of allegations.

Almost simultaneously, Peter A. Bogdanov, head of Amtorg, let it be known that $40 millions of American farm machinery has just been ordered. Firms are not enumerated, but "old standbys" are known to include Caterpillar Tractor (said to hold $5 millions of new orders), International Harvester (reported to have another $7 millions), Allis-Chalmers, John Deere, and Cleveland Tractor. In the face of recent unpleasantries, the news was unexpected. To Stockton and Milwaukee and Moline it means increased employment, capacity production for at least 6 months. To opponents of the policy of trading with Russia, it is another boost to Communism by short-sighted American business.

Europe apparently is committing herself more and more deeply to the pro-trade policy.

### *New German Concessions*

Supplementing dispatches from Germany, Poland, Italy, and England (*The Business Week*, July 30) reporting government guarantees of export credits for Soviet trade, *The Business Week's* Berlin correspondent cables that the recent German presidential emergency decree covering regulation of finance, includes the expansion of government export credits by $83 millions. Including previous guarantees of $40 millions, the total comes to $123 millions. Berlin authorities admit these guarantees are primarily to cover exports to Russia.

Germany has gone one step farther. In several cases, these government grants are supplemented by municipal guarantees for the specific purpose of aiding depressed local industries. Gollnow & Son, of Stettin, last week secured a $2 million Soviet order for bridge construction. Federal guarantees covered 60% of the credit; city of Stettin guarantees, 30%. Berlin hears large Russian orders for tractors are being bid by Hannomag to keep plants busy while the locomotive division is suffering from lack of business. In this case, the Federal Railways Company, despite being hard hit financially, is said to be covering a part of the export credit guarantees.

To these inducements, German firms are adding easy credit terms—often no cash on delivery, with payment over 18 months (*The Business Week*, July 2). Soviet agents shrewdly are using each concession from Germany or Britain or the United States to force similar or better credit arrangements in other countries.

In London, delegates from both sides are arguing Russian debt settlement. Britain claims settlement of Russia's old debts before sponsoring a loan or in any other large way covering Soviet credit needs. Stalin, speaking for Russia, has said that a portion of the debt will be recognized when a loan is granted.

France is beginning to feel Russian aggression, is inclined to sympathize with an embargo policy. Senator Dalbiez demands protection from Russian dumping; advocates setting up control exchanges which will protect French manufacturers and merchants by prohibiting the importation into France of foodstuffs or merchandise sold by Russia at prices determined not by cost, but with the avowed aim of ruining nations which permit this commerce. French business is sympathetic with the move. Soviet trade has never been large, and the balance is usually in favor of Russia.

### *Exports for Propaganda*

*The Business Week* pointed out long ago that this would be the Soviet strategy—that part of its exports are to pay for imports, but that part of them are, and increasingly will be, deliberately malicious, intended to foment discontent.

While London talks finances, American business has scarcely reached the stage of discussing a loan. Russia's debts are in the way—and American antipathy toward the Communist policies of coercion, atheism, and competition on a non-economic basis. But the fact that Russia is succeeding, so far, in meeting all her financial obligations abroad without a foreign loan, is inspiring some grudging respect.

Pacific & Atlantic

SO THEY LET THE PULPWOOD IN

*Left to right, seated, are M. S. Makodzub of Amtorg, Assistant Secretary of the Treasury Seymour Lowman who heard the case, raised the ban. Standing are Serge Sachs, Simon Kossoff, officials of Am-Derutra Transport, and A. C. Bickford, attorney for Amtorg*

# Europe's Big Industries Renew Efforts to Make Cartels Work

## Steel, Zinc, Nitrate, Automobile Interests Strive For Agreement But Find Many Obstacles in Way

*By Special Cable to The Business Week*

EUROPE seethes with news of cartels this week, of industrial agreements to control production, price, and distribution. Groups representing European producers of steel, nitrates, zinc, and automobiles have been conferring on plans for setting production quotas, forming sales pools, restricting imports from the United States.

### *Nitrate Groups Draw Closer*

A cartel plan is being labored over by European synthetic nitrate producers. They have reached a preliminary agreement to form an inter-European cartel conditioned upon an accord between themselves and the Chilean natural nitrate interests. European producers include Great Britain, Germany, Poland, Belgium, Holland, Scandinavia, Italy, France, Czechoslovakia.

Following the agreement, discussions between natural and synthetic producers for formation of a "world" cartel, excluding United States, began in Berlin.

It is understood the European group has arranged production quotas, adoption of which would cause a marked falling off in European production and a stabilization of synthetic nitrate prices throughout the world. Agreement, which will run for one year, provides for a 750 million-mark pool to which all members would contribute at the outset. When the year is up those found to be producing in excess of quotas would pay fines, those below quotas draw compensation.

Since production is less than demand in France, it is understood that, until supply catches up with demand, there will be no production decreases there.

### *Italy Blocks Motor Plan*

Another abortive attempt to restrict American exports of motor vehicles to Europe occurred this week when representative automobile manufacturers from Germany, France, Italy, Belgium, Austria, and Czechoslovakia met in secret conference to discuss export quotas. Sponsors of the conference hoped to obtain common introduction in the several countries of restricted, low duty, import contingents, accompanied by prohibitive, extra-contingent duties. This is similar to the agreement recently arranged between France and Czechoslovakia, as yet unratified.

No official statement was made but the conference is believed to have failed, as have many before. Again nationalistic viewpoints, that of Italy particularly, appear to have wrecked the plan. After a lull in automotive export contingent talk it was revived by passage of the Smoot-Hawley tariff bill. Since its passage, however, Italy has adopted a retaliatory tariff which virtually bars not only American cars but those of other foreign countries as well. Italy refused an invitation to change its prohibitive tariffs to the conference quota system, which would give other European manufacturers access to the Italian market but would seriously reduce American competition.

In all restriction plans great care is taken not to violate the most-favored-nation clause common to commercial treaties. According to European opinion the latest plan proposed does this since it puts all nations on the same basis. But nobody has decided whether this clause guarantees mathematical equality or equal opportunity in relation to competitive powers. In the tentative Franco-Czech agreement both France and United States are permitted to export the same number of cars—750—to Czechoslovakia. But Washington is likely to call attention to the fact that, whereas the annual French output is about 200,000 cars, that of the United States is between 4 and 5 millions.

### *Zinc Producers Try Again*

Another tentative agreement has come out of current attempts to reconstruct the zinc cartel. Negotiators represent 87% world production outside of the United States—all the important groups except those in the United States, which produces 30% of world supply. American Smelting & Refining, Consolidated Mining & Smelting, and Electrolytic Zinc, which operate the only producing plants in Canada, Mexico, and Australia, are also included in the agreement.

Participants, it is understood, have agreed to divide production on the basis of 77% for Europe; 23% over-

Bonney

SAMUEL GUGGENHEIM

*This latest picture of the copper and nitrate financier was taken at Vichy, France, during his annual holiday there*

seas. They propose to form a 2-year convention beginning in January, 1931, whereby the cartel would govern production, probably reducing it at least 30%. A central sales bureau would be established, in London or Brussels, which would pool proceeds and reapportion them among members according to a pre-arranged scale, the share of the low-cost producers being less than that allotted to the high-cost producers.

The entire agreement is to cease automatically whenever United States zinc exports to Europe reach 1 thousand tons a month.

***Steel Will Pool Sales***

Reduced to a mere shadow of its former power, Europe's steel cartel is resorting to changed tactics to aid the industry. To replace the abandoned price and production regulation in the primary products division of the cartel, a system of selling bureaus has been organized to be known as *comptoirs*. This system, which was inaugurated Aug. 1, will attempt to centralize all orders and transmit them to respective national bureaus existing for some time in France and Germany, and more recently created in all other adhering countries.

Under the terms of this program domestic markets are left unrestricted, but export prices will be regulated from central bureaus and orders for export will be portioned to members on a pro rata basis.

The European steel market has been in a chaotic condition since early in the year, when members of the cartel began ruthlessly to break away from regulations and price-cutting became the rule. Large firms, particularly, who were attempting to adhere to the scheme were undercut by small firms barely able to exist on curtailed orders.

Early in July, members of the cartel agreed to abandon minimum prices on bars, sheets, and plates. A week later quantitative restrictions were also dropped. Prices broke as much as 20%. The market is completely upset. Consumers are bargain-hunting. Producers are suffering; the "little man" is likely to be squeezed out. Insiders are worried but consider the situation temporary. It is thought generally that the very disorganization of the market will wipe out the less efficient or very small producers and that the remaining group will function temporarily through the *comptoir* system, but later reorganize the cartel on an even more effective basis.

# The Country Banks Are Safe On Their Security Loans

UNCERTAINTY about the current security loan condition of rural banks, subject of much concern and some scaremongering, has been quieted by the publication of the first definite information on what this condition actually is.

The New York Federal Reserve Bank found that 76 of 118 such banks in its district have no security loans—or a very negligible number—in which the loan is not fully covered by the market value of the collateral. In 33 more, security loans not fully covered represent from 1% to 4% of total loans and discounts. In only 9 of the 118 did such loans range as high as from 5% to 11% of total loans and discounts.

Inquiry by *The Business Week* covering other districts reveals that conditions are very similar in New England, not greatly different in the Philadelphia district. For the rest of the country, with a possible few isolated exceptions, rural banks have no appreciable amounts of uncovered security loans.

Everywhere, country banks have reduced their security loans; many of them, situated in agricultural sections where no wire facilities exist to permit speculation, have not carried any troublesome volume of such loans—didn't even at the peak of speculation last fall.

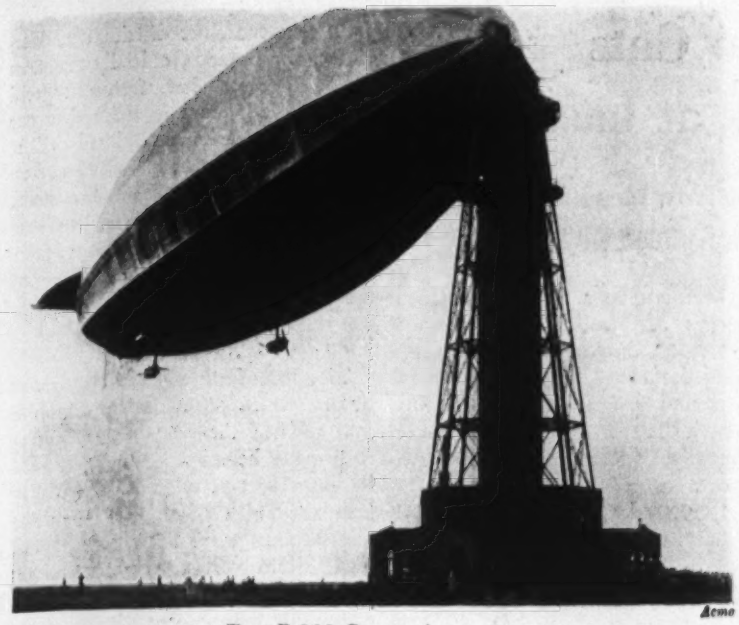
The year's tremendous rise in stock loans has occurred entirely in the city banks. Figures for the rural banks are only rarely available but all reports indicate a decrease for these banks.

A report issued this week showed security loans of all Federal Reserve members at $10,680 millions on June 30, the highest total ever recorded, and a rise from March 27 of $346 millions. Reporting member banks in leading cities alone accounted for $303 millions.

Pacific & Atlantic

TO SELL MORE CHILE PEACHES AND CALIFORNIA ORANGES

*Sacramento's guests for the first Pan American Reciprocal Trade Conference, August 25-30, begin to arrive. Representatives from North and South America will discuss wider reverse-season exchange of farm products, particularly fruits. Arrived (left to right) Florencio Ozarsum, Chile; Senen Urdaneta, Venezuela; Castro F. Lopez, Venezuela; Enrique A. Jimenez, Panama (vice-president in 1924); O. Tenhaum, Chile; Dr. Jose S. Saenz, consul for Panama and Dominican Republic at Los Angeles*



Acme

THE R-100 COMES ACROSS

*The world's biggest gas-bag is shown moored to her mast at St. Hubert airport, Montreal. She demonstrated the possibilities of the northern route for fast mail service*

# New Canadian Government To Raise Tariff 10% by Sept. 15

*Ottawa,*
*By Special Correspondent*

THE new administration plans to pass legislation at the special unemployment session of Parliament next month providing for an immediate horizontal increase of 10% or more in the entire Canadian tariff. This will be a temporary emergency measure, pending a general tariff revision at the regular session of Parliament in the spring.

The proposed flat increase would apply to all departments of the Canadian tariff—the general, intermediate, and British preference tariffs—and to all items in them. There is reason to believe it would have a prompt reaction in Canadian industry. A tariff increase of 10% would give a large section of Canadian industry the additional margin it claims it requires to enable it to meet successfully outside competition.

### *Would Start on Promise*

One Canadian linen manufacturer whose plant has been idle for a long time has stated that if he were assured such legislation was to be passed he would not even wait for it but would immediately start his machinery and put several hundred people to work. His case is probably typical of many.

When R. B. Bennett, Conservative leader, promised in the general election campaign to enact "at the first session of Parliament" tariff legislation designed to restore prosperity to his country by ensuring Canadians "an equal opportunity in their own market and fair competition with all the world," most people assumed he had reference to the first regular session.

But Mr. Bennett is a man of swift decision and prompt action.

### *Tried During War*

The horizontal tariff increase is not an entirely new thing in Canada. It was invoked in 1915 by Sir Thomas White, Minister of Finance, as a means of producing additional revenue for the prosecution of the war.

The special unemployment session at Ottawa will open about Sept. 11. There will be few preliminaries or formalities. It must be concluded in time to permit the new Prime Minister and a delegation of his colleagues to proceed to the Imperial Conference and the Empire Economic Conference in London, Sept. 30. Therefore, the flat increase in the Canadian tariff probably will go into effect about the middle of the month.

Canadian automobile factories expect immediate benefit from the increase. Most of them are subsidiaries of United States companies. They endeavored before the election to persuade the late government to amend the customs regulations in a manner to have the duty on automobiles computed on the basis of list prices instead of wholesale prices. They sought in this way to secure additional protection of 10 or 15% against certain cars not even assembled in Canada which were enjoying a large part of the Canadian market.

### *Can Get Quick Action*

The Hawley-Smoot tariff bill was more than a year before Congress. In Canada, under the system of governmental responsibility, a tariff measure becomes law the day it is revealed to Parliament and the public.

In the way of more direct relief for unemployment, the new Canadian government probably will have Parliament appropriate several million dollars for commencing work at once on an all-Canadian transcontinental highway. This was another of Mr. Bennett's election undertakings which Canadians assumed, mistakenly, that he would redeem at his leisure. An arrangement will be made with the provinces by which other public works will be carried out, the federal treasury contributing part of the cost.

## No More Building Strikes Over Union Jurisdiction

JURISDICTIONAL disputes in the building industry, over which union should be responsible for a certain type of work, will no longer cause strikes and stoppages of work if plans completed last week go through. After long negotiations, employers and unions agreed to form a joint board to settle all jurisdictional disputes, with resort to compulsory arbitration if the board fails to decide.

Of the board's 16 members, half will represent the building trades department of the American Federation of Labor; half the contractors. Penalties for unions violating findings will be fixed by the executive committee of the unions; for contractor violators, by the employers' group.

Jurisdictional disputes have cost many millions each year; have seriously retarded the industry. Both contractors and labor believe the reform should help renew public confidence in building as an investment.

# Retail Resistance to Cuts In Prices Crumbles at Last

## Producer-Wholesaler Reductions Now Reaching Consumer—Recession Orderly Compared to 1920

TENACIOUS resistance to lowering price levels, through which retailers kept many producer-wholesaler price reductions from reaching the ultimate consumer, appears broken—once more responding to the irresistible assault of chain and mail order competition. Practically every line of consumer merchandise reflects increased purchasing power for the dollar and a general tendency toward stabilization at the new and lower levels.

The process of decline has no semblance to the rout of 1920 which the late John Wanamaker started on May 6, 1920. Today, most manufacturers, wholesalers, retailers, carry comparatively small stocks, are financially more liquid, can adjust themselves quickly, so that price declines generally do not involve huge losses, dumping, failure.

### *Mail Order Prices Down*

Mail order houses are still recording declines in volume, but are expecting a substantial improvement as soon as their new low-price-level catalogues have been distributed, while the more flexible department stores and local merchants are making immediate reductions to corral available business.

In Chicago, home of the mail order business, local stores stress general price cuts, cite comparisons, emphasize benefits of prompt purchasing. Large stores, The Fair, Mandel Bros., use large space, general institutional advertisemements, to stress broad sweep of price reductions. Wiebold's quote comparative figures such as.

| | *Last Year* | *Now* |
|---|---|---|
| Quilts | $ 3.98 | $ 2.37 |
| Drapery damask | 2.98 | 2.29 |
| Silk chiffon hose | 1.35 | 1.00 |
| 3-piece bedroom suites | 148.00 | 88.00 |

In Detroit present low prices are featured as only temporary, as justified only by present commodity price levels. Novelty lines show the deepest cuts.

At Pittsburgh, price changes are most pronounced on staples. Kaufmann's, for instance, cuts 81x90 sheets from $1.58 to $1.28, various lines of wash goods from 38 cents down to 25 cents per yard.

New Orleans merchants appear to have held on to high prices to the bitter end, according to a recent comparison of prices of identical goods quoted Oct. 1, 1929, disclosing that reductions ranging from 5% to 50%, in most cases around 20%, became effective only within the last 30 days.

Similarly in Cincinnati, comparison of prices on 20 different items with Oct. 1, 1929, shows no reductions until July and then cuts such as these.

| | *Oct. 1, 1929* | *Now* |
|---|---|---|
| Printed rayon chiffon | $ 1.25 | $ .89 |
| Women's underwear | 1.59 | 1.00 |
| Stencilled curtains | 1.75 | 1.00 |
| Boys' 2-piece suits | 14.75 | 12.75 |

Incidentally those boys' suits sold now are highly improved in quality and have double-material seat.

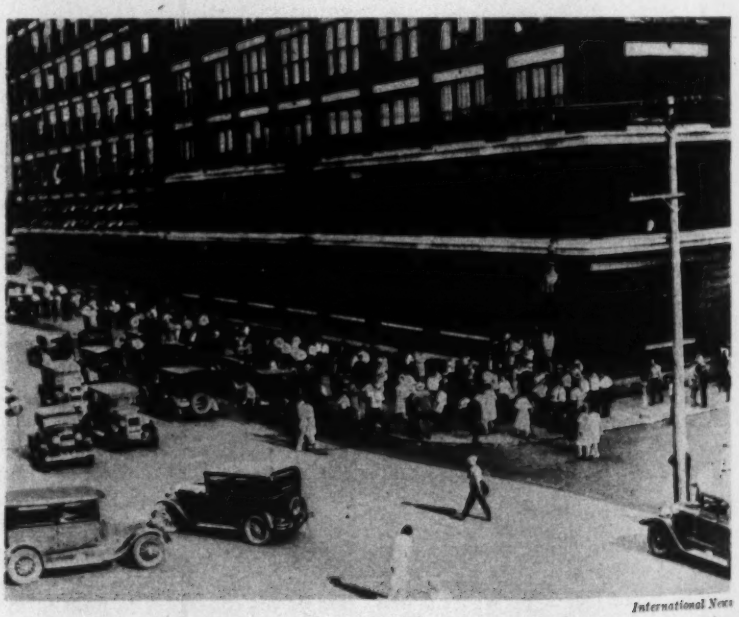
Substantial downward revisions of prices, effective within the last 30 days, are reported from practically every important city, in most cases, cotton, rayon, silk, and wool goods leading.

Shoe prices are offering considerable resistance, probably due to the greater amount of labor involved and the stabilizing influence of the large manufacturer-to-consumer distribution. Florsheim, for instance, officially maintains the $10 price—but features special sales at $8.85, and in more than one store, certain lines are "closed out" at $5.00, with only the sizes 10½ and up apparently missing. Chain shoe stores, selling at popular prices, such as Newark, Regal, Douglas, Thom McAn, are maintaining them but improving the product.

### *Tire Men Fight Invaders*

Tire manufacturers, already fighting desperately to offset the inroads made into sales of their standard brands by mail order houses, are further aroused by the advent of oil companies, led by Standard Oil Co. of N. J., into the tire business selling, of course, their own private brands. Firestone has just launched a special campaign through organized independent dealer chains and openly publishes the prices of mail order tires for comparison with his own. On Ford sizes, he meets the mail order price in the standard grade while on heavy duty tires Firestone Ford size is 50 cents down and other sizes up to $4.40 less.

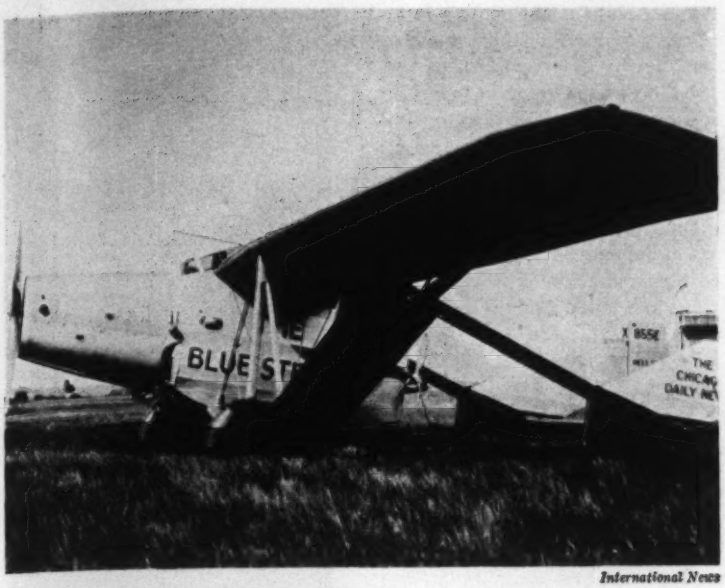
Merchandise belonging in the luxury and semi-luxury class has been cut more drastically, but cuts here are less significant because profit on individual sales generally is much above the profit per sale on necessities, and no common yardstick can be applied.



*International News*

BACK TO WORK

*New employees leaving the R.C.A.-Victor factory in Camden, New Jersey. 7,000 have been added to the payroll, bringing the total up to 20,000. E. E. Shumaker, president, thinks the depression has run its course; plans for a daily output of 9,000 sets*




*International News*

PROPELLERS FORE AND AFT

*New tandem-engined Bellanca plane, "The Blue Streak." Each propeller is driven by a Curtiss Conqueror water-cooled motor. Total wing area, 912 sq. ft. Sponsors expect it to carry a 25,000-pound load from 5,000 to 7,000 miles without landing or refueling*

# Sears, Roebuck Launches Great Expansion Program

UNDISMAYED by the most recent and record drop of 14.9% in sales volume —the sharpest decline suffered in any similar four-week period—Sears, Roebuck & Co. is pushing an almost unprecedented program of expansion.

Field operations are not merely confined to more intensive sales effort, but new outlets for goods are continually being added, either by acquisition, by "affiliation," or through opening new stores. Territories that show weakness seem to come in for special attention.

In Iowa, for instance, a special sales division has been set up; the Oppenheimer-Alsop, Des Moines store, already affiliated, is to expand, open branches at other points; The Donelan Co. at Ottumwa comes under the S. R. & Co. wing, promptly to be re-modeled and enlarged; furniture and other lines are to be added.

At Fargo, N. D. the Black Co., formerly women's wear, will expand with a full line of S. R. & Co. merchandise, although continuing its present name.

At East Orange, N. J., an automobile accessories store is to open before Sept. 1, the first of a chain of automotive supply stores to serve the metropolitan area. These special units will handle tires, motor car accessories, radios, batteries, electrical appliances, washing machines, paints, hardware, and sporting goods.

In Brooklyn, Boston, Syracuse, and Kenosha, Wis., space has been leased and the stores are to be opened just as quickly as equipping and stocking can be completed. There are 45 more stores on the list than a year ago.

At company headquarters every effort is bent to provide goods at prices and on terms that will back up the sales effort of the field force. Buyers have made possible general price reductions effective with new catalogues just issued. Instalment terms are offered on group purchases amounting to $25 or over. Special dollar sales have been inaugurated at all retail stores.

## Coast Furniture Merger Offers Complete Line

To promote trade by offering better service, particularly to the large purchaser, 14 leading furniture manufacturers scattered over the Pacific Coast from Spokane to Los Angeles have combined to form the Furniture Corp. of America, Ltd., with H. A. Green as president and chairman of the board. The affiliated firms are manufacturers of related but non-competitive articles of furniture. From their products can be selected a complete line, permitting the new organization to furnish large buildings or fill other comprehensive orders entirely from its own factories.

All participating companies are stockholders in the new corporation capitalized at $20,000,000 and the combination was effected without public financing. The member companies did a combined business of $10 millions last year, with a net profit of slightly more than $1 million.

## The Gasoline Service Station Goes to Sea

OPENING a much neglected field for building sales volume, the Richfield Oil Corp. launched (Aug. 5) the first floating service station built to serve motor boats, yachts, sea planes. It will be stationed at Red Bank, N. J.

The design duplicates the features of first class producer-owned land stations: 30,000 gallons of various grades of fuel and 500 gallons of lubricants are carried. Regular pump-house, office, sanitary conveniences, emergency equipment and stateroom for 2 attendants are provided.

All tanks are welded, placed under deck, pumps electrically operated, freeboard is sufficient to allow large cruiser direct contact for re-fuelling. Two floodlights and high power searchlight permit night, as well as day service.

Richfield plans to have eventually 100 of these stations in service, anchored at strategic points for ready service to all water craft and sea planes. Motor boats have been supplied before from various floating units, but mostly makeshift affairs.

## Demand for Cellophane Keeps Price Tumbling

CELLOPHANE, transparent moisture-proof packaging material that enables you to examine the products it wraps without touching them, has just gone through a new price cut—the ninth since its introduction in 1924 when it sold for several hundred per cent higher than it does today. And plans call for another cut of at least 6% on October 1.

Constantly increasing popularity, permitting new manufacturing economies

under mass production, is the explanation of the du Pont Cellophane Co., patent-holder, now building another factory unit which will once again double production capacity.

Food products, nuts, candies, knit goods, novelties, once sold in concealing packages, have been selling more speedily in cellophane wrappers. New products such as ready-cut meats, quick-frozen meats have gotten off to a fast start through the use of cellophane, with Armour and Cudahy coming in as heavy buyers of the du Pont product.

Newest use is as a replacement for tinfoil on cigars. General Cigar Co. long wrapped some of its cigars in tinfoil, sold most of them unwrapped; now will put all its output in 600 million to 900 million cellophane cases a year. The Consolidated Cigar Co. will use 500 million to 600 million a year. The du Pont output of cigar cases will total close to 3 billion this year.

# Hosiery Makers Ask Quota On German Machine Imports

STILL deep in the throes of their own private depression, suffering from overcapacity, harassed by style that decrees "dull" while millions of "glossy" pairs await buyers, makers of full-fashioned silk hosiery now believe that the sure cure for all the industries' troubles is not merely a tariff, but if possible, limitation of imports of German machines.

Neither the 40% tariff on knitting machines, in effect since 1922, nor the 60% duty on full-fashioned hose is considered sufficient protection under present conditions. While from 1914 to 1926 very few machines were imported, 1927 saw 805 come in, 1928 brought 685, and 1013 more arrived in 1929. This influx of 2500 new production units made production double consumption.

### *Entry Made Too Easy*

Extremely low down-payments and easy terms on imported equipment brought many inexperienced and undercapitalized operators into the field. These, without any definite channels of distribution, resorted to the usual practices in order to get business. Their below-cost quotations and cash-raising distress sales thoroughly disorganized the market.

Experienced makers point out that with the industry already highly overdeveloped, silk prices way down, and likely to stay down, the continued, unrestricted importation of machines will gradually push American machine manufacturers out of the field and put the industry into the hands of the importers. Unemployment and part-time work already are at a high level and, it is claimed, will grow unless more effective protection is provided.

The Apex Hosiery Company (Philadelphia) has just closed down for 3 weeks; Berkshire Knitting Mills are curtailing; another large Philadelphia producer, who uses American made machines exclusively, is operating at about one-quarter capacity. This, although the use of silk hosiery has increased steadily.

A wage agreement has just been placed in effect by the Full Fashioned Hosiery Manufacturers of America and the American Federation of Full Fashioned Hosiery Workers, under which 16,000 workers accept wage cuts averaging 18%, a modified "stretch-out" whereby one knitter runs 2 machines, and arbitration, in return for an unemployment insurance fund and equal division of work.

Doubling of jobs is permitted provided no employees are discharged as a consequence. Girl helpers may be used instead of boys, up to 75%. Union officials claim that with double jobs, skilled workers can earn as much under the new wage scales as they did before.

Manufacturers are to operate 2 shifts, of shorter hours, to provide employment for the 6,000 union members currently out of work. The unemployment fund is somewhat similar to that adopted by the men's clothing industry (*The Business Week*, April 2). Employers contribute 1% of their payroll; later, the union will contribute half as much as the employers.

The new agreement follows months of unrest, strikes, and futile attempts at adjustments (*The Business Week*, July 16). Loss of business to non-union mills was a potent factor in bringing about an agreement. Prices were reduced drastically a few weeks ago and union manufacturers found it impossible to continue profitably under old conditions.

Keystone

CHARLES D. MAHAFFIE

*The new member of the Interstate Commerce Commission succeeds Thomas F. Woodlock. He was finance director of the I.C.C.*

## Yankee Business Asked To Analyze Itself

IN a series of 6 bulletins, the New England Council is supplying to New England manufacturers and business men a self-analysis questionnaire. By means of it they can compare their own merchandising activities with those used by the most progressive concerns.

These bulletins are based on a survey made by the council of what actually is being done to produce net profits during the current business depression. Successful practices have been classified into 6 groups and for each a series of questions has been compiled.

The first bulletin discusses the product. It asks many questions, among them: How do you know that it meets customers' requirements? Has customers' satisfaction been checked recently? Is the quality the best for the designed service? Should it be redesigned? Can new uses, new appearance, or improvements be made? Are products of other industries replacing it?

Other bulletins will discuss the customer, the tools of merchandising, sales plans, costs of selling, measurement of results.

# Seven Factors Help Hoover's Effort to Hold Down Tax Rate

## But All Seven May Not Offset New Legislation, Growing Expense, Dwindled Business Volume

PRESIDENT HOOVER and Secretary Mellon want to keep income taxes where they are, and be sure of a surplus next June 30. Growing expenditures and poor business aren't helping any. So the planning and "whittling" is in progress as the new federal budget is made.

The advance budget for this year called for expenditures of $3,994,152,000. There is no chance of that low a total. Actual costs in the year just ended were $4,203,254,000.

Every economy is needed to achieve the ends desired by the administration and needed by business. But there is some amount of whistling, too, while passing through the dark alley of fall elections. A cheerful tune helps administration members of Congress, hurts anti-administrationists.

### *Depends on Business*

The state of business will largely determine whether income tax rates applying to the calendar year 1928 are restored for 1930, or whether the special 11% corporation rate and lower individual rates of 1929 can be retained. The Treasury will not commit itself until Congress meets in December. By that time business may have recouped in large part the lower incomes for the year thus far.

There are seven factors that will help reduce expenditures and thereby preserve the prevailing low income tax rates. These seven should go far toward balancing the larger expenditures because of veterans legislation and the inevitable growth in expenditures.

1. Unusually large outlays for public construction in an effort to aid business can be halted when business picks up. If business pickup occurs this fall as *The Business Week* expects, these outlays can be slowed so as to show material saving this year.

2. Naval expenditures, if not actually smaller, will not rise for the coming year. The naval treaty should help.

3. Tax refunds, long a drain of serious proportions, grow smaller.

4. Some large refinancing will occur within the next 6 to 10 months. The Treasury will save a large amount in interest. Money rates are low, excessively so, and government securities unusually popular.

5. The shift of the Federal Farm Board to an acreage reduction campaign from its policy of buying grains and cotton to support the market causes a large sigh of relief from financial officials. Acreage reduction is largely a matter of education and can be achieved for a mere fraction of the cost of going out and buying wheat by the millions of bushels.

6. Debt reduction may not be at so rapid a rate henceforth, leaving more funds for current expenses. Secretary Mellon is against debts, wants them reduced. But sinking fund provisions set aside money for that, as rapidly as the law requires reduction. Lesser debts mean lesser interest payments, of course.

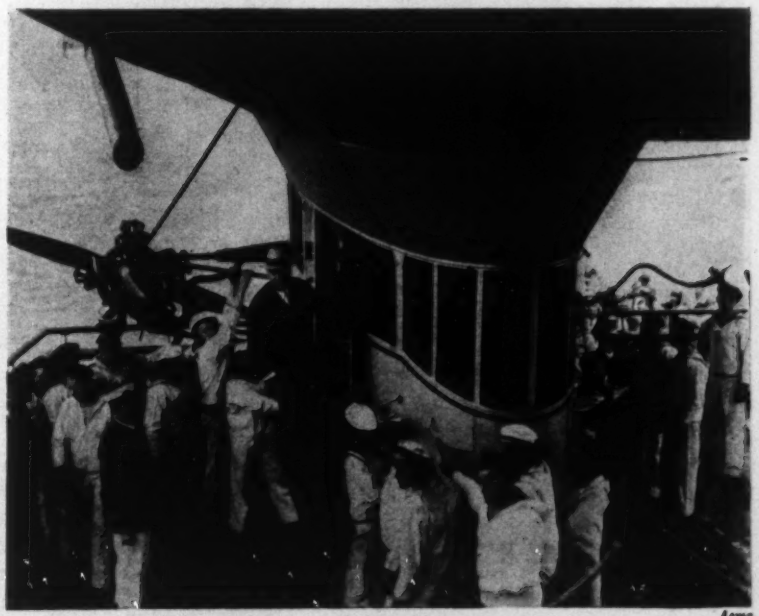
Reduction of the debt will before long give scarcity value to government obligations, hinder Federal Reserve operations in the open market. Too, Europeans are growing more insistent for a reduction of war debts. So long as we are engaged in repaying our war debt, that can be pointed out. But the rate in recent years would wipe out our debts long before Europe had finished her 60 year stretch of paying. That would invite the most urgent demands for revision or cancellation.

7. Interest payments by foreign nations on their debt to us may be used in current expenditures instead of being applied to debt reduction. This, it will be remembered, boosted greatly the surplus for the last fiscal year. Foreigners usually have purchased our government securities in the open market at a discount and given them in payment. Unusually easy money now has sent these securities to a premium, making payments in cash preferable. Applying this cash to current expenses would provide about $150 millions. Some believe legislation would be necessary, but this could easily be obtained.

### *Income Tax in Doubt*

These factors aren't enough to assure maintenance of lower income tax rates, but they do operate in favor of the administration.

Increasingly insistent demands for a more thorough revision of the federal taxation structure are not likely to receive attention soon, though Treasury and other officials would like to make some long-needed corrections as soon as the skies clear sufficiently. Chief among these is reform of the capital gains taxes.



Acme

MR. LITCHFIELD SAVES TIME

*As the S. S. Bremen steamed up New York harbor last week, the Goodyear blimp Mayflower floated down on the deck, took off Paul W. Litchfield, Goodyear official, and landed him within the city limits*

# World's Biggest Bank Becomes World's Biggest Bond House

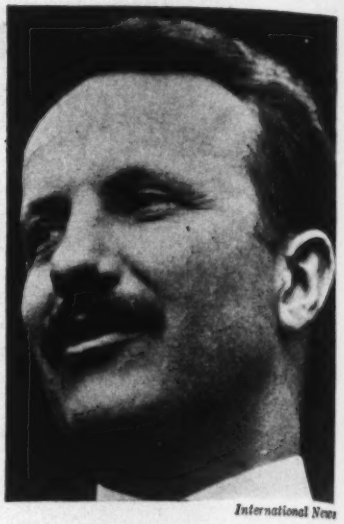
CHASE NATIONAL, since absorbing Equitable, is the largest bank in the world. Harris, Forbes does the largest securities business (a total of $1,116 millions for the first 7 months of 1930). Now joined, they constitute a new giant of finance.

To the 38 offices of Chase Securities are added, in effect, the 50-odd of Harris, Forbes, although the latter may or may not operate separately. Chase becomes the largest banker for public utilities, with total assets of some $5 billions; gains the Chicago prestige of Harris, Forbes, closely allied with Harris Trust & Savings Bank there.

This is the latest and largest example of the expansion of banks to include the investment field. Banks have always had an eye on the profits to be made in the marketing of securities; have always appreciated the activities of Morgan, Kuhn Loeb, Dillon Read, Harris Forbes, and Halsey Stuart. And as corporations found they could finance themselves through sale of their own stocks and bonds instead of by loans at the bank, the banks, of necessity, entered the field. Today, every bank of any size and importance has a security affiliate, operating under corporation instead of banking laws to obtain broader powers.

National City Company, of the National City Bank of New York, one of the outstanding bank security affiliates, was second in security business for the first 7 months. It has 46 offices in the United States, 7 abroad. Guaranty Company, of Guaranty Trust, with 24 offices here, 1 abroad, is another. Bancamerica Blair has 31. Banks outside New York, seeing themselves lose financing to stocks, and those stocks being handled in New York, have organized their affiliates. Guardian Company, of the Guardian Detroit Union group, Banco Northwest Company for the Northwest Bancorporation, are but two of many.

The movement of banks into the securities business has its dangers, has aroused some criticism. The investment portfolio and the trusts might provide a too-convenient home for securities which are hard to market. Just to be sure that all is as it should be, Comptroller of the Currency Pole wants to examine the security affiliates of national banks along with the banks themselves.



International News

KERMIT ROOSEVELT

*The former head of the Roosevelt Steamship Co. will become vice president of the new shipping company resulting from the merger with International Mercantile Marine*

International News

COMFORT WITHOUT EXTRA FARE

*The Baltimore & Ohio has designed these new coaches with individual reclining seats and reading lamps, smoking compartments for both men and women, and a lunch counter at the end of each car. They replace the old day coach on long runs*

## I.M.M. Under New Control May Drop Foreign Lines

ACQUISITION of control of the International Merchant Marine by the Roosevelt Steamship Company, announced this week, merges two fleets into what will be America's largest shipping organization.

The I.M.M. controls fleets with a total tonnage of 427,000 divided among 5 lines (Panama-Pacific, Atlantic Transport, Atlantic Transport, Ltd., Red Star, and Leyland Lines); Roosevelt line, a fleet of 250,000 tons in 3 services, one to Australia, one to India, and one to China, the Philippines, Hawaii.

It is understood the foreign lines of the I. M. M. (Atlantic Transport, Ltd., Red Star, and Leyland) are to be sold.

It has been reported that the Lloyd Royal Belge Line has shown an interest in the Red Star vessels, while Furness-Withy has at various times been anxious to obtain the Atlantic Transport, Ltd. ships. The possibility of bringing the fleet of 38 cargo vessels operated by the Leyland Line under American registry has been mentioned.

# B. & O. Rounds Out Merger Plan With Deal for Reading Line

## Gets New York Entry Over Own Rails Through Transfer Of N. Y. C. Holdings; Adds Chicago & Alton in West

THE Baltimore & Ohio's merger plans appear to be nearer completion this week than those of any other railroad. The New York Central has agreed to transfer its holdings in the Reading to the B. & O. This means that the B. & O. will have an entrance into the New York district over its own rails. It is also thought that it may hasten electrification of the Reading–Jersey Central line from New York to Philadelphia, with a later extension over the B. & O. tracks to Washington.

### *Allotted by I. C. C.*

B. & O. has also obtained control of the 1,000-mile Chicago & Alton serving the territory from Chicago south and southwest to St. Louis and Kansas City, by bond purchase. Both the Reading and the C. & A. were allotted to the B. & O in the official consolidation plan of the Interstate Commerce Commission, as were also the Buffalo, Rochester & Pittsburgh and the Buffalo & Susquehanna. Control of the last two is already in the hands of B. & O.; acquisition of the first two will make the B. & O. the shortest line between New York and Chicago after constructing a 180-mile link in Pennsylvania.

No specific time for transfer of Reading control has been set, according to officials of the two roads, but the N. Y. C. has agreed to the deal in return for certain trackage rights over the B. R. & P. and a continuation of rights over the Reading and its controlled Central Railroad of New Jersey.

The B. & O. for several years shared control in the Reading equally with the New York Central. The Central's holdings comprise about 26% of the Reading stock outstanding. Last year, however, the B. & O. increased its holdings to 35%, and since then has brought the total to about 40%. With the New York Central's holdings, therefore, it would have 66% control in the Reading.

### *Will Build Terminal*

The Reading–Jersey Central system is the keystone of the Eastern merger situation. It not only affords an entrance to New York, but it has a large terminal area on the New Jersey waterfront. The balance sheet of the Reading shows assets of $456,000,000; the Jersey Central's, $218,000,000. While the mileage of the system is comparatively small, its traffic is dense.

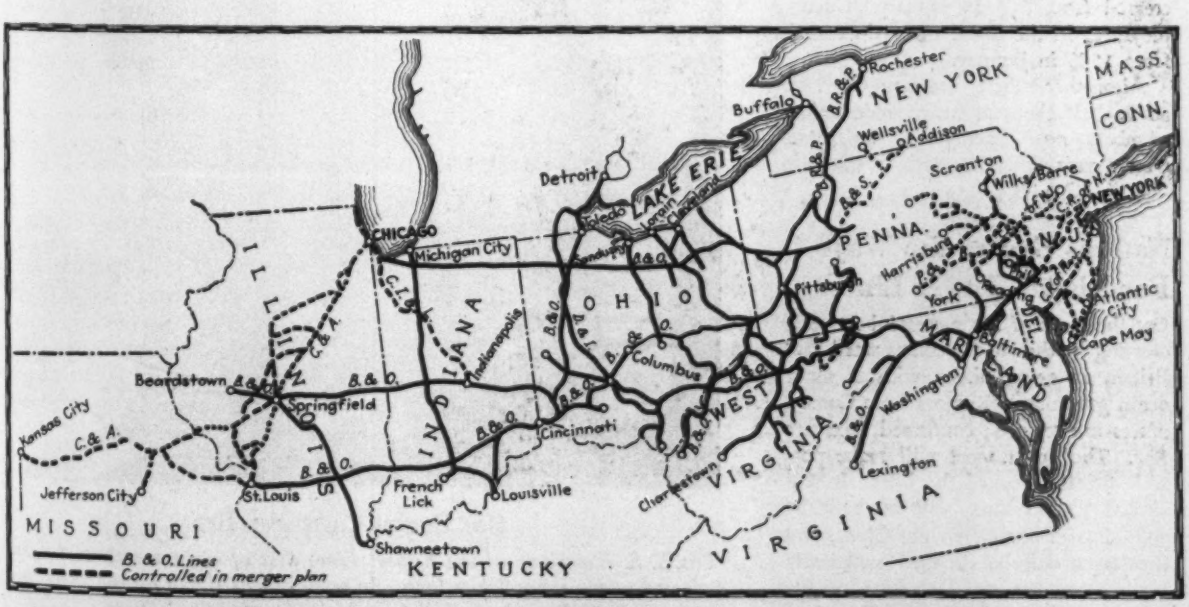
Acquisition of the Reading–Jersey Central will place the B. & O. in a position in which it can consider opening a terminal ranking in size with those in Manhattan. Daniel Willard, president, has repeatedly said that plans for this terminal must wait until the B. & O. has an entrance to New York.

Railroad men believe the terminal will be on the west bank of the Hudson opposite Fifty-seventh Street, Manhattan, and will connect with the bridge that non-carrier interests have long planned for this spot. Connection with the proponents of the bridge has been denied by the B. & O.

## Edison Companies Offer Lower Rate, Fixed Charge

IF the electric rate reduction proposal of Matthew S. Sloan, president of the 4 Edison companies serving greater New York, is accepted by the state Public Service Commission, the last important stronghold of the flat charge for electric service will have fallen.

The proposal, which came this week in response to the Public Service Commission's demand for rate reductions, calls for a decrease from a flat rate of 7 cents a kilowatt hour to 5 cents, with a fixed monthly charge of 60 cents for every meter. This fixed charge plan is urged by Mr. Sloan because in New York a substantial number of electricity users close their apartments for long periods in summer and leave town. During those periods little electricity is used by them, yet the cost to the com-




HOW THE BALTIMORE & OHIO WILL LOOK UNDER THE NEW SET-UP

pany of maintaining service continues. It is estimated this plan would increase electricity costs for almost 1 million consumers. It would, however, reduce the total revenues of the company about $5 millions.

Outcome of Mr. Sloan's proposal is doubtful. Governor Franklin D. Roosevelt has said he believes that users should pay only for the current they actually consume and should not be assessed, as in a fixed charge, for the privilege of using it; that, because upstate utilities as well as those in other states may be on the verge of offering rate reductions, he is determined to oppose introduction of any new charge factors. Hearings on Mr. Sloan's plan will begin within two weeks according to Milo B. Maltbie, chairman of the Public Service Commission, a recent appointee of Governor Roosevelt's.

## Union Labor Hard Hit July Unemployment Shows

UNEMPLOYMENT of trade unionists during the month of July changed little from June. Of every 100 union workers, 21 are looking for jobs, according to American Federation of Labor figures for 24 cities. During June the unemployed were 20%.

The building trades suffer most with 37% out of work. The printing trades show only 7%; the metal trades show 21%.

The customary spring and summer improvement in building employment did not occur this year. In the printing trades unemployment gradually increased from 5% in January. Unemployment in the metal trades increased from 15% in January.

Altogether, there are roughly two and a half times as many trade union members now unemployed as there were a year ago.

## Nations Grease the Ways For Bigger, Faster Liners

ON the heels of the successful Atlantic crossing by the R-100, comes word that Britain is going ahead with a super ocean greyhound. Rumors from Cunard offices are revived; confirmed facts are few. The government will make possible the insuring of the liner. It will exceed 75,000 tons, will be built by John Brown & Co., on the Clyde, and that river will be dredged sufficiently to accommodate the launching of the giant. Total cost will be in the neighborhood of $30 millions. Over-all length will exceed 1000 feet; 4000 passengers will be accommodated.

Marine enthusiasts are comparing figures. In Italy, the Navigazione Generale Italiana and the Lloyd Sabaudo are building two super-liners in the 26.5-knot class of the *Bremen* and the *Europa*. These two 45,000-ton vessels are expected to cut the time between New York and Naples from 9 to 7 days, or to 5½ days when airplanes are used from Gibraltar.

### *Loan for French Line*

The government is coming to the aid of the French Line. A bill is before Parliament which proposes a $28-million loan at 3% to make possible immediate construction of a new 60,000-ton liner, 991 feet long, with speed of 28 knots. Total cost, $30 millions. The new vessel will supplant the *Ile de France* as queen of the fleet.

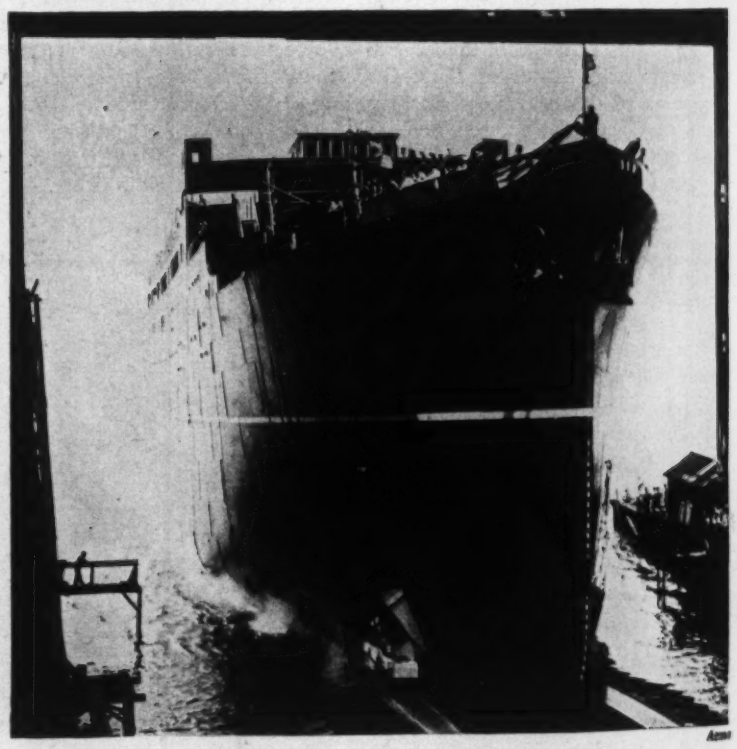
The United States Lines have committed themselves to two super-liners to run with the *Leviathan*, and to surpass in speed and luxury anything now afloat. Orders are for 30,000-ton vessels in the speed class. Plans for a "super-liner" are likely to be announced later.

## Home-Owners' Problems Go to Hoover Commission

PRESIDENT HOOVER'S latest commission is appointed to make a study of the problems of home-building and ownership with particular attention to financing. This "White House Conference on Home Building and Home Ownership" will be composed of the heads of 19 national business, trade, and civic organizations; will be headed by Secretary of Commerce Lamont; will be in active charge of John M. Gries, chief of the Division of Building and Housing of the Department of Commerce.

The President pointed out that the present depression has disclosed serious defects in the financing functions applied to home ownership, despite the present surplus of idle funds.

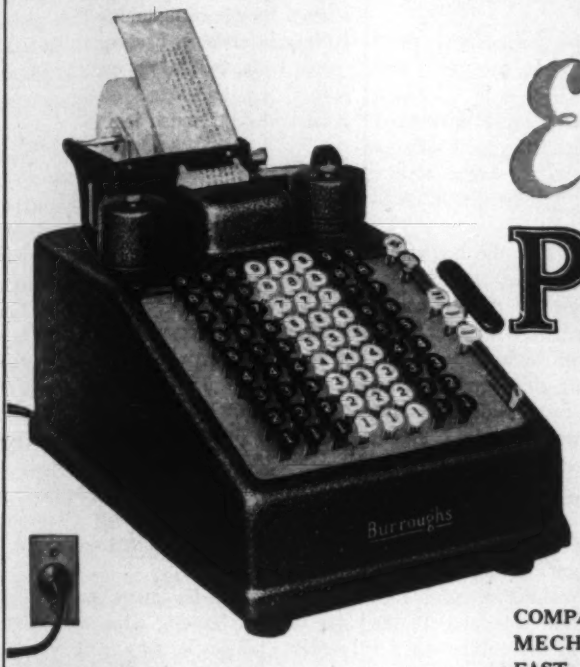
The conference will seek means of providing as effective credit reservoirs for homes as are available for instalment selling, commerce, and industry; will take up cost reduction, better house design, layout of residential areas, and other subjects influencing home ownership. The conference will be privately financed; funds for this purpose have already been made available.



MRS. HOOVER CHRISTENED HER

*The S. S. Excalibur of the Export Line, first of eight vessels to be constructed under Jones-White loan. So anxious was she to hit the water, that the First Lady had barely time to break the bottle*

# Burroughs




## *Electric* Portable

COMPACT BECAUSE THE MOTOR IS BUILT INTO THE MECHANISM WITHOUT ENLARGEMENT OF CASE. FAST BECAUSE ELECTRICALLY OPERATED. STURDY BECAUSE OF STANDARD BURROUGHS CONSTRUCTION.

Adding-Subtracting Machine illustrated, $175 delivered U. S. A.; $205 in Canada. Other electrics as low as $130; hand operated models as low as $80.

## MANY STYLES FOR MANY USES

**In stores and offices throughout the world, Burroughs Electric Portables are speeding up and reducing the cost of all kinds of figure work.**

**For, in addition to compactness and portability, these machines possess other valuable features (many of them automatic) that assure ease of operation, minimize operator fatigue and increase production.**

**Burroughs Portables, both electric and hand operated, are built in six, eight and ten column sizes. Many styles are equipped with direct subtraction, and with a wide or narrow carriage. Other models for handling fractions, writing customers' statements and for use on retail store counters. There is a Burroughs Portable for every figuring purpose.**

***For a demonstration, call the local Burroughs office, or write***

**Burroughs Adding Machine Company, 6167 Second Boulevard, Detroit, Michigan**

BACKED BY WORLDWIDE BURROUGHS SERVICE

# Natural Gas Finds Best Market Among Industrial Customers

## Investigation Shows Piped Fuel May Never Figure Largely in Household Use or in the Power Plant

RAPID extension of pipe lines is making natural gas available to 36 of the 48 states (*The Business Week*, July 23). The general public has been wondering who is going to burn all this gas. So have officials of the industry. They are turning from a study of the mechanical problems of distribution to an effort to find out just who can use gas, what rates the various types of customers can afford to pay, what is their most profitable market.

A nation-wide investigation including interviews with natural gas producers, pipe line officials, industrialists, householders, chambers of commerce indicates:

(1) Industry will supply the big market. Natural gas is to be the industrial fuel in all parts of the country except the North Atlantic and Pacific Northwestern states.

(2) Natural gas will never figure prominently as a boiler fuel in power plants except within 200 miles of the gas fields.

(3) Natural gas will never displace artificial as a domestic cooking and heating fuel except in the few cities where cheap blast furnace gas can be mixed with the natural. Rates for cooking gas will not be reduced materially. Few towns now using the artificial can hope to get the natural for cooking at rates lower than those they now pay.

(4) Natural gas will not be sold cheaply enough to permit its general use as a house heating fuel except in the South near the sources of supply.

### *King Coal Not Dethroned*

(5) "Old King Coal" is by no means dethroned and his most serious opponent for the profitable household fuel business is not natural gas but oil.

From the replies of potential users of natural gas it is evident that industry can afford to pay from 25 to 35 cents per 1,000 cubic feet; the householder about twice that. Possibly the latter could go as high as 75 cents but no further. Power plants, it appears, cannot justify any price over 19 cents.

Against these prices must be measured the rates at which the natural gas people can sell the fuel. They point out that the price when the gas is first piped into a community is by no means the one which will prevail thereafter. To create a demand, they will take on business at a low price. Later, service at the initial price will be discontinued or the rate raised.

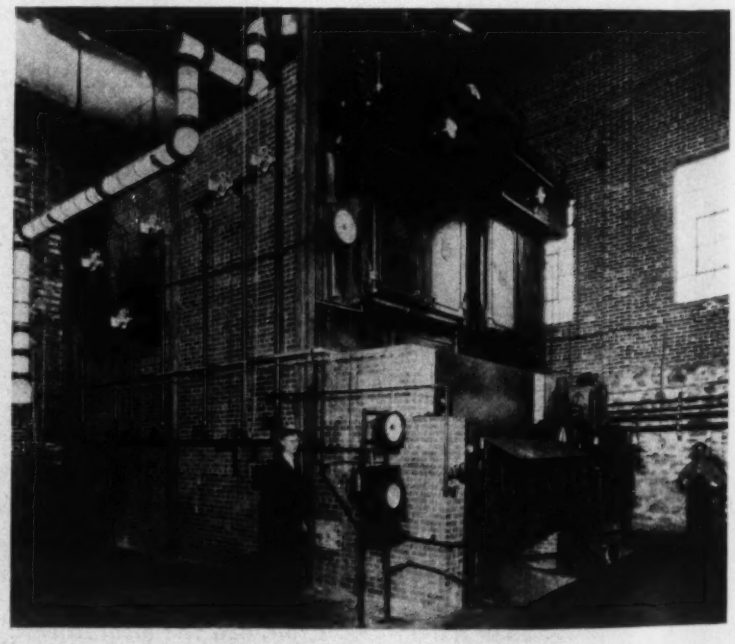
Gas officials hold that the household cooking load is the least attractive of all because it consists of three peaks—morning, noon, night. If gas mains and equipment were to be devoted exclusively to meeting this demand, they say, the low load factor would involve too heavy an investment to be justified. The rate would consist of a large overhead or base plus a consumption charge. This, they point out, is actually the condition in many plants making artificial gas. The cost of the coal and oil consumed in making a cubic foot of gas is insignificant compared to the overhead charges in the equipment per cubic foot of gas sold. If natural gas is piped several hundred miles, the investment charges on the pipe line are so high that the gas cannot be placed exclusively in the cooking load. Few towns now using artificial gas can hope to buy the natural for cooking at rates below the present for artificial.

In a few localities, steel works have large amounts of blast furnace gas that is used by gas companies. This product is very inferior in heating value and is worth little, but, when mixed with rich natural gas the blend equals the artificial and costs much less.

### *Heating Uses Limited*

Natural gas officials feel that the domestic heating field is somewhat better than the cooking from their point of view but it, too, has its drawbacks. While the demand is fairly uniform during a day, it varies from zero to a high maximum during the course of a year. A pipe line devoted exclusively to supplying the domestic heating demand would have to place a heavy overhead on the gas sold. Obviously, the heating rate cannot justifiably be much under the cooking rate except when volume consumption makes it possible.

There will be many householders, gas officials believe, who, for the convenience of gas heating, will be willing to use gas even when it costs twice as



BOILER ROOM—NEW STYLE

*There isn't a shovel in sight in this Kansas City power house. Boilers are fired with natural gas. Plants of this size in factories, office buildings, and apartment groups form the greatest potential market for gas. In homes, the load is too uneven*

much as coal. But where the gas must be pumped beyond 500 miles, the heating rate, except in unusual cases, will be too high seriously to injure the coal market.

The industrial load, such as is provided by open-hearth steel furnaces, heat-treating furnaces, glass works, japanning furnaces, is the most attractive of all, the gas people believe. In this field consumption is uniform throughout the day for the entire year and the pipe line can be kept working at capacity.

### *Offer Competitive Rates*

To obtain this business, gas companies say they will be willing to offer rates that will compete with coal. It is for this reason that the Mississippi River Fuel Corp., with a line from the Louisiana fields to St. Louis, East St. Louis, Ill., and Alton, Ill., wants only industrial business and will not take domestic.

The power plant boiler load, it appears, is not attractive to the gas people although it offers a steady demand all year. The fly in the ointment seems to be that the boiler plant cannot be won on as high a rate as the industrial concern because the gas must be sold in competition with cheap steam coal available to the power plant.

Many apartment house and hotel boilers will use natural gas even when it is higher priced than coal because if the plant is small, automatic devices permit one man to operate the plant, eliminating firemen. The natural gas industry has an eye on this market.

## Utilities Slow Down Rate of Acquiring Public Plants

UTILITIES are not taking over municipally-owned electric light plants as rapidly as they were. In 1926, private ownership took over 224 public plants; in 1927, it was 182; in 1928, only 70 and in 1929 just 41.

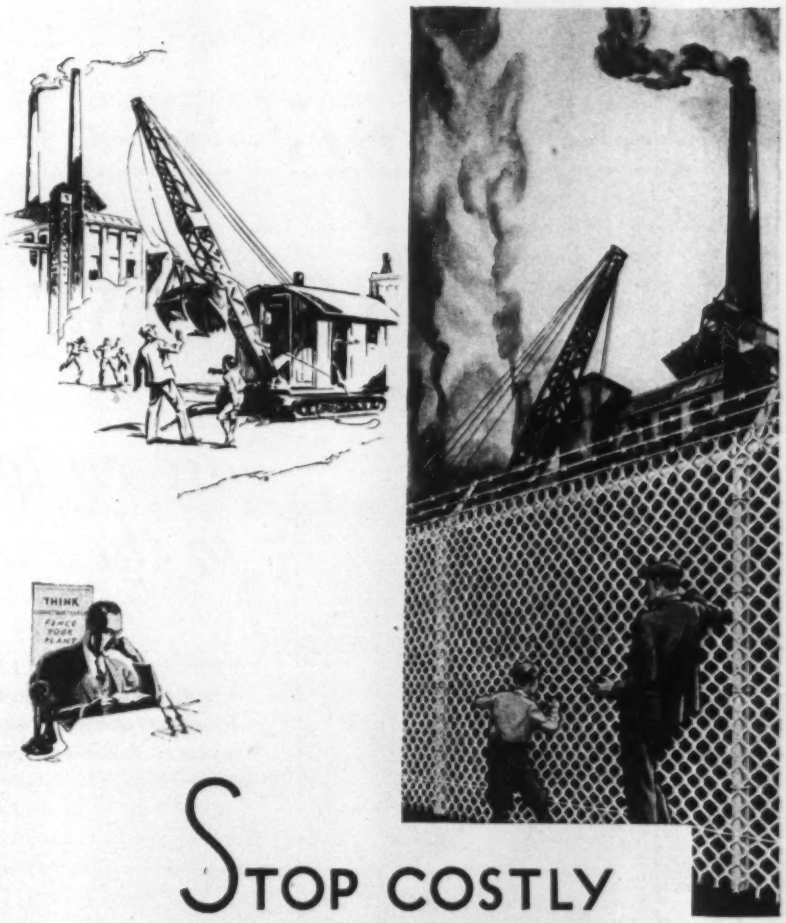
The reasons are:

1. Elimination of a large proportion of the smaller and more uneconomic plants, leaving fewer to be acquired.

2. Higher prices now asked for the bigger and better-equipped plants remaining.

3. Concentration of attention by utilities in the past three years on load-building rather than line extensions, following large line extensions during the easy money period after 1923.

4. Development of more efficient prime-movers for isolated plants, notably the Diesel engine and the steam turbine.


STOP COSTLY DAMAGE SUITS

A steam shovel--a moving crane--or any other yard operation excites the curiosity of the passerby. "Keep Out" and danger signs will not thwart his impulse to investigate. And YOU are responsible for his welfare should he suffer injury. Why pay the bills for such negligence?

You can keep these trespassers off your property with an Anchor Fence. A small part of a damage suit will more than pay for the extra cost of an Anchor Fence installation.

Have the local Anchor representative submit a plan and cost estimate.

ANCHOR POST FENCE COMPANY
Eastern Avenue and Kane Street, Baltimore, Maryland

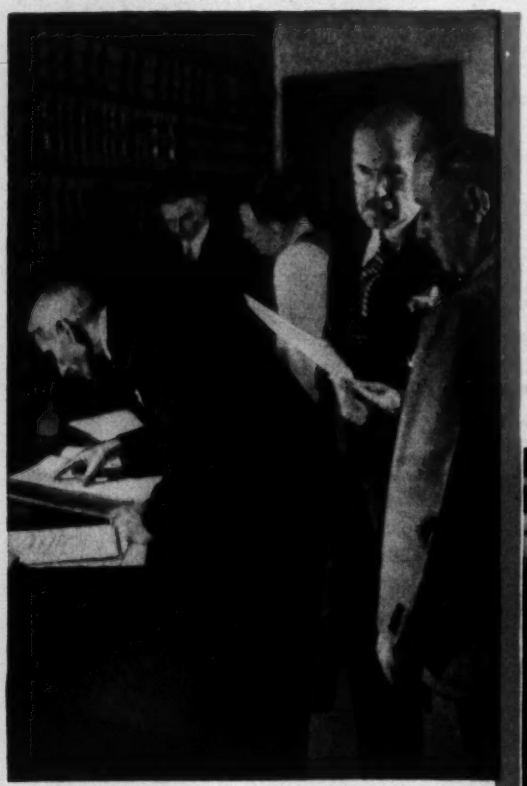
Albany Boston Buffalo Charlotte Chicago Cincinnati Cleveland
Detroit Hartford Houston Los Angeles Mineola, L.I. Newark
New York Philadelphia Pittsburgh St. Louis San Francisco Shreveport

*Representatives in all principal cities. Consult your local classified directory*

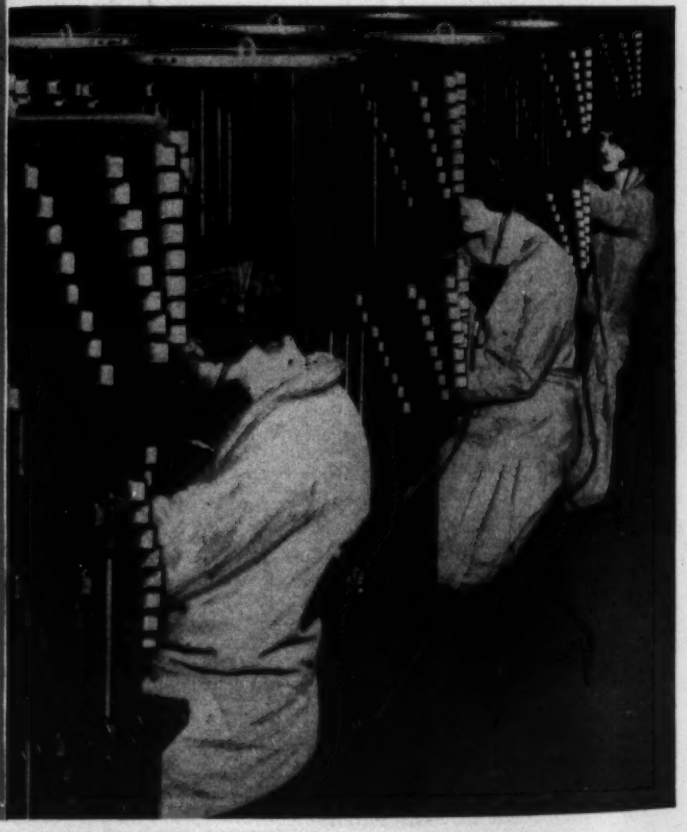
ANCHOR FENCES

MADE BY THE MAKERS OF AMERICA'S FIRST CHAIN LINK FENCE

# Today's BUSINESS RECORDS are custom-fitted to their Jobs!



**THEY STOOD IN LINE TO USE THE LEDGERS! . . .** **A leading New York furniture store found it impossible to follow up delinquent customers more often than once every twelve days. The reason . . . collection records kept in cumbersome ledgers that could be used by only one clerk at a time. Now a specially designed Kardex visible record, with vivid color signals, flashes the necessary information so fast that delinquents are easily followed once a week—and with a saving of seven clerks in the collection department!**



**1620 CREDIT OKEYS PER HOUR! . . .** **A Cleveland merchant found it advisable to have "charge and carry" purchases approved by his credit department. So a Remington Rand man was asked to plan a system that would handle 27 credit okeys per minute. He blueprinted a special room, with 9 telephone switchboards and 9 batteries of Index Visible Rotaries, each containing the entire list of customers. Remington Rand indexers installed the system, turned it over to the store ready for use. Now when a credit request comes in, any one of the 9 operators takes it, twirls her rotary index to the name, and answers "okey" . . . in less time than it takes to describe it!**

THERE are two ways to buy business records... One is to call in competing salesmen and get bids on "standard" files or card systems or ledger books . . . and then to work them into a "system" as best you can. The other is to call in a Remington Rand man . . . state your problem . . . and leave it to him and his staff of analysts to "tailor-make" a system for your individual needs . . . install it . . . prove it . . . and deliver it ready for use. Ask about the new Remington Rand Budget Buying Plan. Remington Rand Business Service, Inc., Executive offices, Buffalo, N. Y. Sales offices in all leading cities.

# *The reign of the Old "Stock" File and Ledger book is over...Remington Rand is showing a better way.*

**"BRECKSKIVICZ! HOW DO YOU SPELL IT?"... Mistakes were happening with alarming frequency at the paymaster's window of a great radio plant. A Remington Rand man located the trouble. The employment records were a jumble of tongue-twisting foreign names. A Russel Soundex system was installed... indexing each employee's name *phonetically*. And the following pay day went off without a mistake... and the next... and the next.**

**A few of Remington Rand's 1,200 items of Systems equipment... Safe Cabinet ... Kardex ... and Library Bureau "Aristocrat" letter file.**

# Remington Rand

## SYSTEMS DIVISION

RAND AND KARDEX *Visible Records*... LIBRARY BUREAU *Filing Systems and Indexing Service* ... KALAMAZOO AND BAKER-VAWTER *Loose-Leaf Equipment* SAFE CABINET *Fire Protection Devices* (SAFE-CABINET, SAFE-FILE, SAFE-KARDEX, etc.) ... INDEX VISIBLE

# Reapportionment in Fall Is Congressional Bugaboo

How to reapportion the representation of the various states without increasing the size of the House and without reducing any of the state delegations, is the problem which disturbs the happy vacationing of Representatives.

Several years ago when the reapportionment bill was being framed, a covey of mathematicians appeared before the census committee and edified the members by doing stunts with their theorems. The opinion of the learned professors was divided into two schools of thought. One group rigidly held to the major fractions methods; the other was equally insistent on the doctrine of equal proportions.

### *Re-opens Old Wounds*

Few members may comprehend the mathematics of the situation, but it is plain that next session the House must legislate some of its members out of their seats. Yet it is not the thought of turning their compatriots loose on an undeserving world that has caused the House to dodge the issue since 1910. The disconcerting part of the whole procedure is that all of the checks and stays between the various elements of population and the several sections of the country will be disturbed; the primeval issues between urban communities and rural sections, farm versus factory, and East against West will once more rear their ugly heads.

The theory has been advanced that the cities will gain over the rural districts as the result of reapportionment. It is true that the ratio of the cities will be increased, but it does not follow that their power in Congress will be increased: House committees are controlled by members from small towns and from the country.

Of the thirty-nine chairmen of the major House committees, only two come from what may be termed as metropolitan centers—cities in the million population class; only four from cities with a population of over 100,000. This is because members are elevated to the chairmanship of committees according to their terms of service. Representatives from small towns and rural districts enjoy a longer tenure of office than their city brethren, because city political machines are less stable.

After bitter debate, Congress last year passed the reapportionment bill fixing the size of the House at 435 (the present number of representatives), representation to be based on the 1930 census. After the census returns are complete, slide rules will be unsheathed, government experts will compute the number of seats to be allotted under the new setup.

On the basis of the incomplete returns it is indicated that Georgia, Indiana, Iowa, Kentucky, and Mississippi will each lose 2 representatives; Missouri, three; Alabama, Kansas, Louisiana, Maine, Massachusetts, Minnesota, Nebraska, North Dakota, Pennsylvania, Rhode Island, Tennessee, Virginia, and Vermont, one apiece.

### *California Biggest Gainer*

It is estimated that population gains will give California 9 more representatives, Michigan 4, Texas 3. New York and New Jersey will gain 2 each and Arizona, Connecticut, Florida, North Carolina, Ohio, and Oklahoma one apiece. From the outset, the discussion of reapportionment has been fraught with disagreement. Even the basic matter of the definition of population has been disputed, some of the slower growing western states advancing the contention that counting millions of aliens in industrial centers is not in keeping with the spirit of the American Constitution.

Whatever the spirit of the Constitution may be, the letter of it is somewhat vague on this point and only states that all persons shall be enumerated in the population. Obviously even aliens are persons. There is talk of an appeal to the Supreme Court, but this is to be discounted. Southern states are apprehensive lest the matter focus attention on the race problem. They do want the counter proposal made that disenfranchised citizens be excluded.

### *More Changes to Come*

After the new quotas have been reported to the House by the Census Bureau, it will be the duty of the House to make the designated reapportionment. If it fails to act, the law permits the Commerce Department, which controls the Census Bureau, to take the matter in its own hands.

Whatever happens, the matter can hardly be settled for all time. One session of Congress can not limit the action of future sessions, and it is not only possible but probable that future sessions will increase the size of the House.

The lower house in France has 580 members; that of England 492. Large legislative bodies are not necessarily unwieldy, as is demonstrated by the fact that the House has a better reputation for efficiency than the Senate.

*International News*

**"Work" Is His Middle Name**

*John Work Garrett, ambassador to Italy, returns with his wife to Rome. Shrewd, wealthy, he has a talent for diplomacy; has enlivened the service for 29 years*

*Plant of the Rein Printing Co., Houston, Tex., exterior of concrete tile; structural frame of reinforced monolithic concrete. Howell & Thomas, Cleveland, O., Architect; J. B. Townsend, Houston, Texas, Contractor*

# CONCRETE

## *invites commerce to "dress up" its buildings*

An architect who had vision—and skill; a structural material that adapted itself to every requirement of his design—these, combined, produced this printing plant in Houston, Texas. Such buildings are an asset to the community and a good investment for their owners. Of all structural materials, concrete is the most versatile. It can be molded into any form. It builds foundations, super-structures, floors, and walls—and provides a suitable, dignified decorative treatment. *It is firesafe.*

**PORTLAND CEMENT *Association***

*Concrete for permanence and firesafety*

33 WEST GRAND AVENUE
CHICAGO

# Farm Board Wins Grape Control But It May Be Costly Victory

## California Producers Sign Contracts Reluctantly, Pessimistic in Face of Heavy Over-Production

AFTER a wearisome campaign that lasted nearly 4 months instead of the 6 weeks originally planned, the California Grape Control Board, meeting with C. C. Teague in San Francisco July 28, was able to announce the 85% sign-up of grape acreage necessary to make effective the stabilization program of the Federal Farm Board for the California grape industry.

Today, 431,571 acres, actually 85.1% of California's commercial grape acreage, are under contract to the agencies authorized under the Farm Board plan. The United States crop reporting service estimates that this acreage will yield 1,814,000 tons of grapes, 88.1% of the annual crop average for the last 5 years. The value of this year's crop is set at $76 millions. The Farm Board will advance up to $20,000,000 to finance it, but the burden will be so large that California banks will have to cooperate.

But today, also, the grape industry is facing the largest crop in its history, a heavy carryover from last year, reduced buying power in domestic markets, large foreign crops and deflated foreign markets. If the Farm Board can pull the growers out of their hole this year, normal years, they say, should furnish easy sailing for the plan.

### *No Questions Asked*

Some of the growers showed little enthusiasm for being pulled out of their hole by Farm Board methods—even after the prohibition administration had announced that its agents would not inquire too closely into the disposition of grapes handled by the agencies authorized under the grape control program, though other shippers of fresh grapes, not signatory to contracts nor members of the cooperatives legalized thereunder, would have their shipments carefully checked to see that they did not fall into the hands of illicit wine makers or still operators.

The campaign began on April 28 and 75,000 acres were signed the first week. Then progress slowed up and it became apparent that the quota could not be filled by June 15. An extension was granted to July 1. By June 25 about 50% was signed; by July 1, only 55%. Another extension and more intensive campaigning reduced the hold-out acreage to 35,000 on July 9. Even on the last, final, non-postponable closing date, July 14, the sign-up was still several thousand acres short of the 85% requirement, but while signed contracts were being officially audited, enough additional came in to complete the quota.

The Sacramento valley and southern California, which together produce about two-thirds of the state's wine grapes, were the first to report their adherence to the Farm Board plan. The San Joaquin valley, also a heavy producer of wine and table varieties and chief producer of raisin grapes, whose acreage is greater than that of the other two classes combined, was the last to come in. When it came, business in Fresno had reached a standstill. One bank had closed its doors, not for reasons connected with the grape industry directly, but suggestive to some of what might happen if the campaign failed. As the campaign was drawing to a doubtful end, Fresno business houses shut down for a day to permit employees to round up recalcitrant signers.

Some growers were frightened off by the Sun-Maid affair. This famous cooperative, which for 18 years controlled 75% of the raisin tonnage, was on the verge of bankruptcy and the passage of its plants into private hands when the Farm Board intervened last spring. Growers who had had unfortunate experiences with Sun-Maid objected to being further saddled with its debts; others who had had nothing to do with contracting these debts did not care to enter into a program that would involve paying them off.

### *Fear Long Tie-up*

Other objections: That the contract was for 10 years with no withdrawal privileges for 3 years—a sink-or-swim affair on top of past experiences with cooperative contracts that made the prospects seem better for sinking than swimming; that the $20,000,000 the Farm Board planned to advance for this year's marketing might have been better expended by loaning growers $100 for every acre of vines they pulled out, trips through the valley indicating that enough new vineyards are being

ON THE DOTTED LINE, AT LAST

*Wylie M. Giffen, head of the California grape control sign-up, shows some of his hard-won contracts to Frederick J. Koster of the control body while C. C. Teague, Federal Farm Board member, looks on*

planted to keep the surplus problem ever before the industry.

The foreign-language groups—Armenians, Japanese, Swedes, Germans, Italians—who understood only imperfectly what all the shouting was about, raised additional obstacles, only overcome by persuading a prominent man in each group to sign up, whereupon the smaller members did a follow-the-leader turn into line.

And there were a few growers who remembered that those among the 15% unsigned would receive the full benefit of stabilized prices without having to contribute the $1.50 per ton on fresh grapes and $5.25 a ton on raisins necessary to get rid of the market-disturbing surplus.

California is inclined to be indignant over criticisms that the Farm Board, in offering to stabilize the grape industry, is giving support to a non-essential agricultural interest. To California that interest represents an investment of about $350 millions, involves nearly 30,000 growers and has about 150,000 persons dependent on it for support. A prospective 2,018,000-ton crop this year, 191,000 tons over last year, means a surplus of 400,000 tons as against a normal 300,000 tons. Mortgaged indebtedness on vineyards in the San Joaquin and Sacramento valleys has risen to $106 an acre.

## Los Angeles Competes For Silk Trade

WITH the recent inauguration of a new Yokohama-Los Angeles-New York express-freight service by Osaka Shoshen Kaisha, Japanese steamship line, Los Angeles harbor entered into competition with Seattle and San Francisco, which handle the bulk of silk imports.

The O. S. K. motor liner *Kinai Maru*, on her maiden voyage carried 1,330 bales of silk, worth more than $1 million; broke existing records for the Japan-Los Angeles run by two days, crossing in 11 days and 23 hours. From Los Angeles, the silk went to New York by special train in 74 hours. The total time of 15 days, Yokohama to New York, approximates that for silk shipments made via Seattle or San Francisco. The shorter ocean haul from Japan to the northern ports is offset by faster rail time out of Los Angeles.

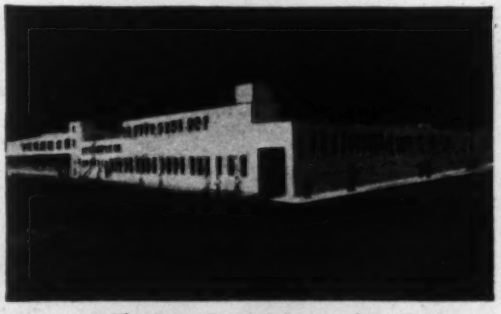
Osaka Shoshen Kaisha will put five more fast motor ships of 8,400 tons or better into the new service; will maintain a fortnightly schedule with these and three ships of older design.

WHEN CONSIDERING HAZARDS CONSIDER DUST

Menace to Men, Machines, Materials, Now Controlled

Plants and buildings protected by insurance, sprinkler systems, burglar alarms, armored trucks, thief-proof fences, night watchmen, flood lights, all directed against the hazard that comes once in a life time—or never. And rightly so, because *when* the hazard comes, preparation pays. But what about the hazard that comes every day? DUST—spoiler of product, thief of good will, mortal enemy of machinery, sapper of efficiency. You can eliminate dust with modern air filters.

One of the greatest tests of efficiency of air filtering apparatus is in food manufacturing plants,



*Air Filters Prevent Bacteria in Largest Gelatine Plant*

where the prevention of foreign matter and bacterial contamination is essential. The general superintendent of the U. S. Gelatine Company, users of American Air Filters, reports in a survey by the A. C. Nielsen Company: "It is doubtful if we could have maintained our present volume of business if we had continued to use unfiltered air. Whereas we had little control over contamination, we can now assure users of a uniformly clean gelatine." Air filters can effect just as important improvements, business increases, savings and efficiency levels in your interests. AMERICAN AIR FILTER CO., *Incorporated,* Louisville, Ky.

AMERICAN AIR FILTERS

COMBINING PRODUCTS FORMERLY MANUFACTURED UNDER THE FOLLOWING TRADE MARKS:

NATIONAL Reed Air filters MIDWEST

**FREE LITERATURE**

*Read our bulletins on subjects affecting your business and other activities. Mail the coupon. No obligation.*

American Air Filter Company, *Incorporated,*
153 Central Ave., Louisville, Ky.

Please send literature explaining the applications of modern air filters. Use in which particularly interested _____

Name _____

Street _____

City _____ State _____

# Dun and Bradstreet, Rivals In Rating, Thrive in Hard Year

## Ancient and Venerable Houses Find Depression Adds to Demand for Credit Data

FIRMS marketing credit information enjoy a stimulated demand during gloomy interludes when business is nibbling its finger nails and jumping at noises. Last year, merchants and manufacturers took a chance. God was in his heaven and Mr. Hoover in his White House. Everyone had money and was spending it. This year, each order is regarded with preliminary suspicion. Requirements call for wider and more accurate reports. They must be distributed with more speed.

### *Some Think They're One*

Our language discloses certain inevitable affinities. Pro and con. Supply and demand. Flotsam and jetsam. Ham and eggs. In the field of credit information—it is Dun and Bradstreet's. So natural is the yoking of the names that many people think the two are, or have been, one firm. Such an impression is highly inaccurate.

Dun and Bradstreet's have always been separate companies. As in the beginning, they are rivals today. Each guards its information from the other. A Dun man speaks of Bradstreet's with a lifted eyebrow, and vice versa. At intervals raids are conducted in which valuable men change sides.

"We are," the Dun men say with pardonable satisfaction, "the first commercial rating company in the world."

"And we," retort the Bradstreeters, "are the oldest commercial rating agency doing business under the same name."

The germ of R. G. Dun & Co. incubated in a business slump, the worst the country ever saw. This was in 1837. Mad expansion, speculation, crop failures, watered currency joined to create the panic. Arthur Tappan & Co., New York silk merchants, was one of the important failures. Lewis Tappan, Arthur's brother, was in charge of the firm's credits. The crash left him with much information on his books and more in his retentive memory. Lewis conceived the idea of collecting and selling commercial information for the business community. The plan took definite form on Aug. 1, 1841, when he inaugurated the Mercantile Agency, Lewis Tappan & Co., proprietors.

Oil portraits show Lewis Tappan as of a bland and benign countenance entirely out of keeping with the stern business of gathering credit information. His forehead is high and wide. Bushy hair stands out all over his head.

Tappan's first branch offices were in Boston, Philadelphia, and Baltimore. (Chicago was an insignificant congeries of huts with a population of 4,500; St. Louis a rambling river port of 16,500). As the business expanded, Benjamin Douglass was taken into the firm. In 1854 Douglass became proprietor and changed the name to B. Douglass & Co. At the same time a partner was admitted who was destined to alter again the firm name.

### *His Name Stuck*

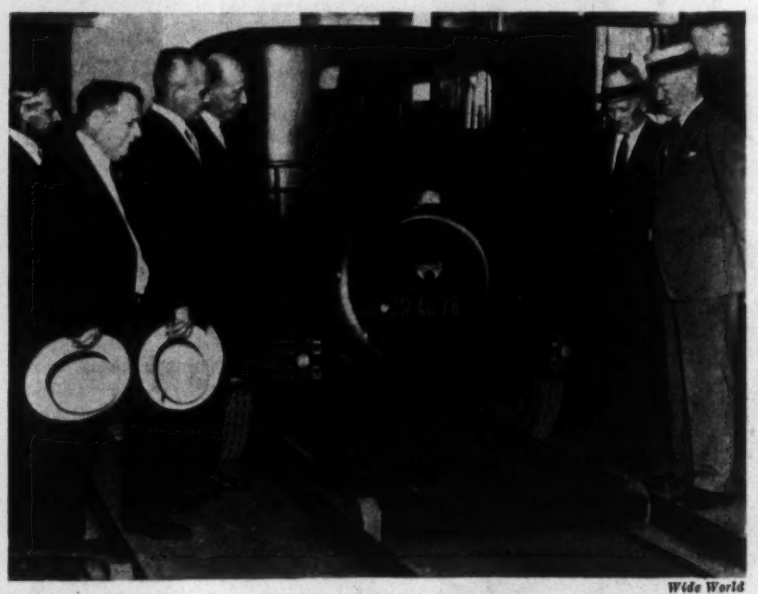
This was Robert Graham Dun. He became sole proprietor in 1859 and continued in ownership until his death in 1900. R. G. Dun is remembered as an old man with a keenly questioning eye and a firm mouth masked by a white beard worthy of an ancient druid. Since his death the business has been operated by a board of trustees.

There is about the Dun offices an air of sound venerability. Men with greying beards move unhurried among the heavy mahogany desks. You know they have been here for years; that they pursue with calm justice the facts on which credit rests. But there are distant rumblings which portend a change. Last year suit was filed in Baltimore by minority heirs demanding a new set-up in the board of trustees. The action was defeated but there remains a sentiment for some sort of readjustment in the management.

### *Founded by Retailer*

A few blocks away, Bradstreet's regards with a somewhat smug complacency the growing pains of its ancient rival. Bradstreet's has been down to the river, has been sprinkled with the waters, has come up reorganized and revived. The company has traveled a long way from its original source.

John M. Bradstreet was a retail merchant of Cincinnati. His business led him into the field of credit information and finally he abandoned the one for the other. A visitor tells of finding him in a tiny office, seated at a huge book in which he was transcribing credit notes while he ate a home-prepared lunch. He was of a somewhat melancholy mien and this was heightened in

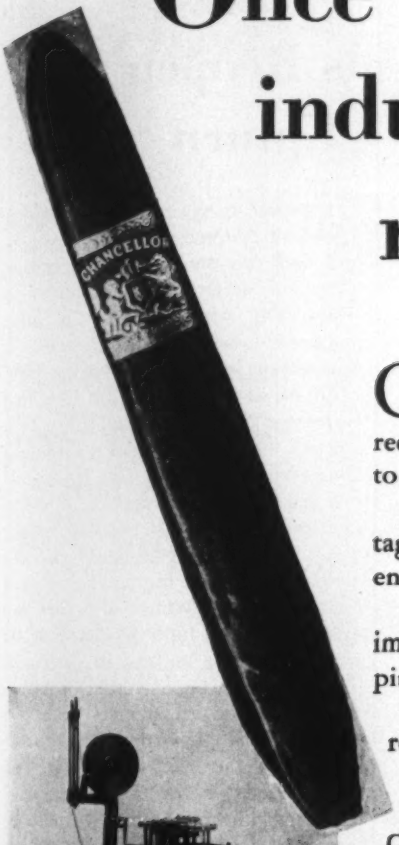


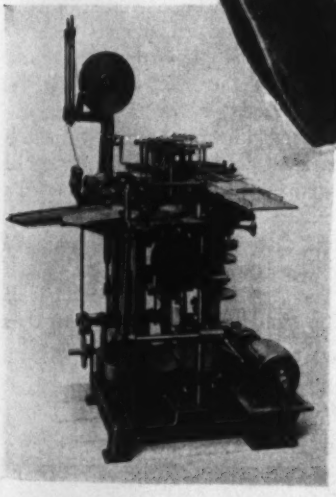
*Wide World*

PARKING RELIEF

*New York's newest automobile hotel is 25 stories high; cars are parked electrically, untouched by human hands. Here Police Commissioner Mulrooney (extreme right) and Milton H. Kent (next left) watch a car being "roomed" by an electric dolly*

# Once again, we assist an industry in securing a new *Sales Appeal*



ONE of the outstanding developments in the cigar industry is the increasing use of Cellophane wrapping. And recent economies of machine production have a great deal to do with this trend.

A cigar wrapped in Cellophane has decided sales advantages. This wrapping not only *keeps the tobacco fresh*, but enables the buyer to *see* the product.

Consequently, cigar manufacturers quickly adopted this improvement as soon as they could secure a method of wrapping which would come within their cost limits.

The machine which we recently introduced answers their requirements perfectly. It wraps 35,000 cigars a day, and can be run in conjunction with the banding machines, thus making no increase in labor necessary. Because it uses Cellophane in rolls, it makes large savings in wrapping material costs. In a market where the selling price is a real factor, these savings are important. More than one size of cigar can be wrapped on a single machine—an advantage to those manufacturers whose production on any single size does not run into large volume.

This is but one example of how we assist manufacturers to secure for their products the *sales advantages* of modern forms of wrapping, plus the *economies* of improved machine production. When seeking better and more economical methods of packaging old products, or a way to wrap a new product, avail yourself of our service. Get in touch with our nearest office.

PACKAGE MACHINERY COMPANY, *Springfield, Massachusetts*
New York Chicago Los Angeles
London: Baker Perkins, Ltd.

later life when he acquired the conventional full beard.

As the work developed Bradstreet took others into the business. In 1849 he moved his headquarters to New York. Bradstreet's was formed into a stock company in 1875. After Mr. Bradstreet's death the following year, an associate, Charles F. Clark, became president and kept the post until he died in 1904. He was succeeded by Henry E. Dunn—no relation of R. G. Dun.

Charles F. Clark slept, ate, lived with his business. He had a son, Charles M., whom he intended to make president. The son had ideas of his own and proceeded to become an engineer.

### *Back to the Fold*

Young Charles M. had a sort of a crazy idea that some day the electric utilities industry might amount to something. Starting about 1893, he invested according to that hunch. Now he is a director in many powerful utility groups and his fortune is estimated as high as $100 millions. The passing of the pioneer era and the realization of great wealth deprived the power business of some of its kick. With middle age approaching, Mr. Clark, who is now in the middle fifties, looked about for something to keep his mind occupied. His attention lighted on the block of Bradstreet's stock left him by his father.

An examination of the stock reminded him of two things. One was that his father always had wanted him to head the business; the other, that Bradstreet's stock might be earning more money. The merging of the two ideas produced action. Three years ago the organization was shaken from its even pace by the announcement that Charles M. Clark had acquired control and elected himself president. Immediately he began taking the company apart. It was put together again with engineering precision.

Bradstreet's claims the honor of issuing the first reference book of commercial ratings. It came off the press in 1857. Dun followed two years later; their first edition was fitted with lock and key to protect its precious contents from eyes not authorized to explore it. The books now published by the two companies comprise one of the most amazing printing problems in the world.

The 3,600-page books are printed 4 times a year. (Bradstreet's issues two eastern supplementary editions.) Each printing runs around 25,000. The books are loaned, not sold. The old must be returned on delivery of the new.

The printing task is complicated by the immense number of changes in firm names, etc., which must be kept up to date to protect the value of the information. Average daily changes made by Dun in preparing its directory is 5,532; Bradstreet's changes run about the same. In the last Dun book new names inserted were 231,588; names obliterated, 235,754; changes made in ratings, 228,868; changes made in styles, 62,884; changes made in bank list, 76,287.

# Automobile Plants Reopen Hopeful of Early Upturn

ALTHOUGH it is entirely a seasonal event, this week's reopening of numerous plants after vacation and inventory-taking shutdowns is expected to boost the morale of the automotive industry considerably. Between 150,000 and 200,000 workers returned to their jobs Monday morning.

Reopening of Ford plants after a 3-week shutdown brought about 100,000 back to work. Other companies which started operations again this week include General Motors Truck, Packard, Oakland, Graham. Hudson, Cadillac, and some Chevrolet assembly plants concluded vacation periods earlier and are now on fall schedules. Buick, Studebaker, Chrysler, Willys-Overland, Reo did not close but reduced operations. Willys-Overland has increased production, now has 6,800 employees at its Toledo plant.

With car and truck makers back in production, many parts and accessory plants have become active. Timken-Detroit Axle Co., Motor Products Corp., Midland Steel Products, and many smaller concerns reopened this week. Electric Auto-Lite, Spicer, Logan Gear, City Auto Stamping are all increasing production and taking on new men.

With so many plants closed down and others working on drastically curtailed schedules, July output will reach the low point of the year, not far from 225,000 it is now estimated. During the month, dealer stocks have been still further liquidated so that the industry is in an excellent position to grasp immediately any opportunities which may be offered by a quickening demand fostered by the new models announced and planned for the near future.

## Cooperative Plan Makes Car-Junking Profitable

IN an effort to get its car-junking program (*The Business Week*, Jan. 15) on a business basis, the National Automobile Chamber of Commerce has placed its approval on the plan adopted by the Cleveland Automobile Dealers Association and recommends it to members. Cleveland dealers have completed an arrangement with A. Shaw Co., scrap merchant, whereby all junk cars are disposed of on a profit-sharing basis.

To handle this work, the Cleveland Guarantee Auto Scrapping Co. has been formed. Entire capital and management is supplied by A. Shaw Co., but operating policies are determined by three directors elected by the dealers' association. The scrapping company pays the current scrap price for junkers received from dealer members; it also pays into a special dealer fund $1 for each car received and, at the end of each year, pays 25% of net profits after deducting 6% interest on actual investment.

To obtain maximum returns from scrap sales, the many steel alloys, cast iron, rubber, glass, and other materials contained in an automobile must be separated; to do this efficiently requires modern wrecking machinery, an effective marketing organization, and a continual flow of work, all of which the Cleveland arrangement makes possible.

The A. Shaw Co. is arranging to develop similar operations in other cities.

## Coal Interests Seek To Ban Gas Lines

ANOTHER attempt to throw sand in the gears of economic progress is reported from Illinois where District 12, United Mine Workers of America, and the Illinois Coal Sales Association—an organization of business men in the coal-producing districts—have petitioned the Illinois Commerce Commission to refuse permission for the installation of natural gas pipe lines in the state. Pointing out that coal is the largest single industry of the state, the petitioners assert it is the state's duty to encourage it and to prevent it from being hampered by outside competition. They fear gas competition and want it proscribed.

# Mr. Jarman insists

## ... *that dual rear tires be properly matched*

**Another specific Goodrich Service that adds truck tire miles**

MISMATCHING of your dual rear tires can prove a costly abuse.

In order to establish effective road contact on the part of both tires and to insure an equal distribution of weight with each tire doing its share of the work, it is necessary that dual rears have approximately the same over-all diameter.

Otherwise one tire carries most of the load, is overloaded and does not give full service.

Constantly during his inspections of trucks, Mr. Jarman, the Goodrich Truck & Bus Tire Distributor, makes a point of seeing that tires are arranged so that those running in pairs on the rear are always evenly matched.

New tires are either matched together or applied singly to the front wheels first.

When a new and a partly worn tire are assembled together, the least worn tire is always applied on the outside. Following this definite plan assures maximum mileage from each tire.

Everywhere Mr. Jarman is putting into practice just such specific and important phases of the Goodrich Standardized Service program. This cuts costs and institutes marked economy for truck and bus operators.

The B. F. Goodrich Rubber Company, Established 1870, Akron, Ohio. Pacific Goodrich Rubber Company, Los Angeles, Cal. In Canada: Canadian Goodrich Company, Kitchener, Ont.



*To get maximum mileage both dual tires must carry an equal amount of the load. This is a problem of the proper matching of new and partly worn tires and one to which the Goodrich Truck and Bus Tire Distributor pays strict attention.*

# Goodrich HEAVY DUTY Silvertowns

*..another B. F. Goodrich Product* • *32,000 Different Rubber Articles* · Goodrich Silvertowns · Zippers · Rubber Footwear · Drug Sundries · Soles · Heels · Hose · Belting · Packing · Molded Goods

# TOO MANY PRODUCTS JAM PRODUCTION

*Says Thompson & Lichtner Executive*

Mr. William O. Lichtner, Vice President and Treasurer of the Thompson and Lichtner Company, discussing recently the various dangers in the policies of large as well as smaller industries, says in part:

". . . It is not exceptional among the small manufacturers to try one product, then another, and so on until they apparently turn out everything imaginable . . ."

It is the function of the Thompson and Lichtner engineering and merchandising service to study scientifically every problem presented to them and to advise clients who find themselves in difficult business predicaments. In referring to the outcome of this service in a specific case of "too many products," Mr. Lichtner states:

". . . From several hundred articles the line was finally boiled down to six staple articles. The force was cut in half and work flowed through the plant smoothly . . . the labor turnover was reduced to a minimum . . . A business that was losing money heavily under the old conditions showed large profits under the new policy . . . "

Thompson and Lichtner are technical advisers to the Management Engineering Bureau of the National Association of Manufacturers.

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Statler Building, Boston, Mass.

Please send me your booklet, "PROFITS versus PRICE-CUTTING" as well as full details of your service.

Firm Name .....

Executive's Name .....

Address .....


# Clamor Dies But Europe Still Dislikes Our Tariff

*By Special Cable to The Business Week*

THE greater part of the original European public resentment to the American tariff has abated or has been distracted by other issues. There is obviously little, if any, prejudice against American products in the retail trade, and certainly no question of a popular boycott anywhere, but the feeling in the industrial community still remains strong.

Organized business steadily refuses to relinquish efforts to secure modification of the tariff. It will agitate for reprisals only if not given fair consideration. Meanwhile, many cases are reported of efforts to replace American sources of equipment and supplies.

### *Actions Await Protests*

The attitude of the majority of governments is to defer counteraction until protests have been submitted to the tariff commission. The American trade position, however, is weakened in the interim.

Only Italy, Spain, Czechoslovakia, and France have taken action in the nature of reprisals. The prohibitive increase in Italian automotive duties (*The Business Week*, July 16) immediately following the Tariff Act is ascribed by some to reprisal motives, but authorities in Rome admit that revision previously had been determined by the government. It is a question whether the rate might have been less had the United States tariffs not been raised. No further action of a retaliatory nature is expected.

### *Spain Retaliates*

Spain, last week, radically increased duties on a series of products affecting many countries but principally the United States. Spanish officials openly acknowledge the vindictive nature of increased duties on such American specialties as automobiles and parts, tires, razor blades, sewing machines, and motion pictures. It is noted by close observers that informed public opinion disapproves the move. The new automobile duties are on a sliding scale of from 1.5 to 4.3 gold pesetas a kilogram which is equivalent to 50% to 60% ad valorem plus a surcharge of 3 pesetas if automobiles are shipped indirectly. This last provision is a blow aimed directly at American foreign assembly plants (Ford, Barcelona) now furnishing large imports. The effect is to debar all but luxury cars. The duties on razor blades are increased 600%, on sewing machines 500%, and on movies 160%.

### *Czechs Continue Reprisals*

Contingent upon Poland's signing the Geneva tariff truce, a new Franco-Czech agreement is being negotiated. Terms are still withheld but it is reliably reported that the pact establishes a Czech automobile import contingent of 750 cars from each of the "most-favored" nations. Within the contingent, there is a 5% reduction from present levels, but any imports above the contingent limit are subject to duties ranging from 120% to 200%. Reprisal is obvious when it is known that the low duty contingent equals the maximum of French imports in any one year (or of imports from any European country), but is only one-third the usual American sales.

### *American Cars Suffer*

This move would climax a long notorious Czechoslovakian discrimination against American automobiles which at times has provided a threefold lower duty on automotive imports from other countries. It is true, too, that under the Czech sliding scale automobile tax, American cars, which make up only 15% of the total in Czechoslovakia, pay 60% of the total automobile taxes.

France is progressively increasing duties. American products affected in most recent increases include wheat, lard, frozen meats, sardines, and pilchards. Despite unfriendly agitation, American business men in Paris are inclined to overlook certain unpleasantries and hope for the best.

## By-product Coke Sales Up 5-Fold in 10 years

ANTHRACITE producers will not be particularly heartened to learn that the total U.S. sales of by-product coke for domestic purposes increased 1,122,000 tons in 1929. This increase over 1928 is only a few tons less than the total sales 10 years ago (1,400,000 tons). Sales in 1929 reached 7,376,000 tons.

# Swift Survey of Business Abroad

## EUROPE

*By Special Cable to The Business Week*

THE midsummer lull accentuates general depression. Business is operating within as narrow a volume as it has experienced since the first post-war recovery. Notwithstanding restricted industrial production, primary stocks continue to grow. This is particularly the case with coal—nearly 15 million tons in all Europe—ferrous and non-ferrous metals, and textiles. On the other hand, extreme conservatism in the distributive trades has resulted in low warehouse and shelf stocks, which forecasts prompt replacement demand when confidence returns. No early change in conditions, however, is foreseen. Considering how widespread and long lasting the depression has been, it is notable that large bankruptcies so far are exceptional.

With business idle, the week has been featured by the culmination of several efforts to reintegrate various business organizations. The European steel cartel, though momentarily practically abandoned, is making efforts to control runaway markets through the establishment of sales *comptoirs* for certain products. Synthetic nitrate producers have reached a preliminary agreement which may serve as a basis for the cartelization of the entire European industry and prepare the way for further negotiations with Chilean producers of natural nitrate for world accord. World zinc producers likewise have reached an agreement to restrict production and stabilize prices. Only Dutch and British rubber growers have failed to reach any effective agreement.

Stock markets continue dull. Money is easy. Harvests are nearing completion and there are prospects that last year's high totals will be duplicated. But, where last year's crops were evenly distributed, this year Western Europe —notably France and Italy—faces serious shortages, while southeastern Europe—notably Roumania—is reaping an all-time record harvest. Notwithstanding Balkan surpluses adequate to cover deficiencies in Western Europe, there is every probability of larger and earlier imports and that these will come from overseas rather than from the Balkan grain states because of immediate low carryovers and the probable inability of the Balkans to store and finance their crops on the market.

Following the increase in automobile duties in Spain, Ford has closed his Barcelona branch.

*By Special Cable to The Business Week*

***Great Britain***—Business stagnation is unabated. A few slight improvements in holiday shipments are stimulating the Welsh coal industry, but other fields are still slack. Iron and steel, and cotton are dull. Raw wool prices have not yet reflected recent trade activity. Wheat showed a sharp decline.

Depression is spreading. Following unpleasant symptoms in home rails last week, bleak rumors of the bad position of West End retail stores are now rolling up. London looks at the business of these stores as a sure index of public spending power. Another proof of declining revenue is the report of diminishing returns on newspaper advertisements. The stock markets are dead except for occasional bear selling.

Rising unemployment and the virtual bankruptcy of the state insurance fund resulted in the formation of a three-party committee to advise reformation of the scheme. This is regarded as secondary to the major problem of how to provide employment. The motor industry is clamoring for retention of duties to enable them to flood the market with cheaper cars.

Rubber restriction is now regarded as abandoned. Rising opinion in all trades that the restrictive principle of short-sighted elimination of uneconomic producers is eventually preferable.

Despite the lack of trustworthy signs, the opinion prevails that there will be a late fall revival but there is no real confidence that this will come without a change in administration.

Decision of the British government to undertake to insure outside the usual market the giant liner being constructed by Cunard, enables shipbuilders on the Clyde to proceed with work. Plans for a sister express liner to aid in the recapture of the transatlantic trade are likely to go forward soon.

*By Special Cable to The Business Week*

***Germany***—Political issues, elections which now are set for September 14, general reshifting of political parties already too numerous, overshadow in public interest the week's economic developments. Business is not showing signs of betterment.

*South Manchuria Railway*

GASHING THE FACE OF MANCHURIA

*Open cut coal mine at Fushun, part of the industrial development going forward there. Cars and tracks can be seen on ten levels*

Attention is centered on wage negotiations in various industries. The threatened dispute in the northwestern steel industry has been avoided by employers and Christian trade unions. In recent meetings they have agreed to prolong for another year all existing wage and time agreements. Though Socialist trade unions have denounced the agreement and will refuse to adhere after October 1, this action is due mainly to tactical political motives. Ultimate settlement is anticipated as conditions in the labor market are too unfavorable for employees to risk an open fight at the present moment.

Action of the Siemens Halske concern in reducing staff employees has now been followed by other electric companies who are dismissing from 10% to 15% of their employees.

Most business indicators reflect deepening depression. Sales of electric current for April and May dropped below those of last year though total sales over the first 5 months were slightly above the corresponding period last year. This trend toward diminishing consumption has already caused cancellation or postponement of several construction projects for new power stations. The cotton industry is working at 64% of capacity compared with 69% in April, and 71% in January. Half-year reports from the German automobile market completes the picture of general gloom. Registration of new passenger cars was 13%, of trucks 40%, below the registrations in the same period last year. While automotive imports and exports both show a decline, Germany maintains the lead in the world's motorcycle market by increasing exports more than 20% compared with 1929. Attempts to bring about a general fusion in the automobile industry have failed for the time being, notably because the process of weeding out the weaker units is not yet terminated.

The government is endeavoring to stimulate depressed business by an extensive program of emergency works which will be supervised by a specially-formed and government-owned German public works company. The Federal Railways Company also plans to spend $111 millions on additional orders for equipment and rolling stock. This is expected to provide employment for 180,000 men through the balance of the year. The award of orders is conditional upon substantial price reductions by manufacturers in support of the government policy, heretofore rather unfruitful.

Pacific & Atlantic

**A New Ambassador Calls**

*President Augusto B. Leguia of Peru, wears his decorations to receive Fred Morris Dearing, when the new American envoy calls to present his credentials*

A deal of satisfaction was aroused in manufacturing groups by the announcement that the recent presidential emergency decree authorizing special financing included an increase in export credit guarantees of $83 millions. The intention primarily is to expand German export credits to Soviet Russia. Including a previous guarantee of $40 millions, this brings total government guarantees to $123 millions. It is rumored that large Soviet orders are being negotiated.

*By Special Cable to The Business Week*

***France***—Recent reports of declining activity are beginning to find statistical confirmation. June totals for coal, iron, and steel production, carloadings for the first half of July, and railway receipts—all are distinctly lower. Outstanding immediate development is the difficulty to enforce the new social insurance laws. Previously rising living costs had already provoked labor unrest and demands for wage revisions. At this juncture, attempt to collect labor's share of the insurance premiums has precipitated strikes. Labor contends that employers are adding their own premiums to prices, whereby labor pays not only its own premium but shares the employer's through higher living costs. Though the law is unpopular, the main difficulty is that it is imperfectly understood and consequently is distrusted. The general attitude of labor is to demand that employers pay the whole insurance premium, or that wage scales be compensatingly increased.

The strike in the textile mills at Rouen ended only when employers granted a 6% wage increase. Workers also returned to 61 of the 109 Roubaix woollen mills after employers agreed to pay the whole insurance premium. The situation is more serious in the Lille district where labor is incensed at a counter proposal from the manufacturers' association. Instead of paying the premiums for the laborers, there has been proposed a fidelity bonus ranging from $3 to $18 annually and payable at the end of a year of uninterrupted employment. The workers claim that this is tantamount to the abolishment of the right to strike. Public opinion supports the demands of the laborers. There is prospect that local strikes will develop over the general wage issue but that this will result eventually in a uniform settlement favoring labor, and before any unduly critical situation has arisen. As pointed out by *The Business Week* while the legislation was being discussed originally, the cost of social services must inevitably find expression in higher prices borne by the general consumer.

## LATIN AMERICA

With both Los Angeles and New York playing host to early arrivals from Latin America to attend the Pan American reciprocal trade conference at Sacramento late in August, business interest is looking toward new trade relations likely to be developed at the conference. United States interests are inclined to anticipate improvement late this year. Signs of optimism cited this week are expansion of the air mail from Rio de Janeiro to La Paz, Bolivia. Rumors are current that Nyrba (New York, Rio and Buenos Aires) and Pan American Airways, which flies from Miami to Santiago and Buenos Aires by way of Panama and the West Coast of South America, are about to merge their interests and present a stronger front to competition from French and German airways in Latin America. The Pennsylvania Railroad is planning an agency in Mexico City because of the definite tone of confidence that is developing in Mexico. Peru has abolished passport requirements for visitors from the United States. Travel agencies predict broad adoption of this plan in Latin America.

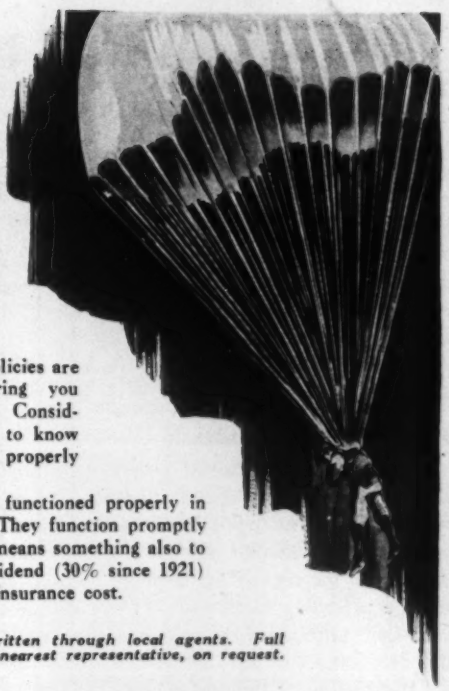
Silver prices are slipping again after the slight recovery late in June. To counterbalance the effect on Mexico, bond prices have picked up since the agreement on the debt question. Rumors of damage to the coffee crop continue to come from Brazil but authorities say the loss of less than 100,000 bags is negligible.

Chile is beginning to feel the depression which now is general throughout the continent. An unfavorable balance of trade for the first 6 months of $2,400,000 contrasts with a favorable balance for the same period last year of $66,485,000. Drastic economies are being inaugurated.

*Argentina* — Stagnation continues. Continued favorable weather has improved the agricultural outlook, relieved somewhat the credit stringency in some districts, and enabled corn to condition itself and to be brought to the seaboard where a lack of sufficient cargo space is delaying its actual exportation. Coupled with declining imports this has strengthened exchange and is causing a more optimistic feeling than was apparent a month ago.

Improved weather has stimulated a demand for agricultural machinery, and sales of automobiles have increased over June. Radio sales are down. Commercial failures showed an increase over June and over July a year ago.


# Parachutes and Insurance Policies



BOTH parachutes and insurance policies are emergency propositions—to bring you safely to earth when disaster comes. Considering their vital missions, you want to know that each will function promptly and properly when emergency arrives.

Since 1876 CENTRAL policies have functioned properly in unquestioned quality of protection. They function promptly in immediate payment of losses. It means something also to the careful buyer that CENTRAL'S dividend (30% since 1921) actually cuts almost one-third from insurance cost.

*CENTRAL policies are written through local agents. Full information, with name of nearest representative, on request.*

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MANUFACTURERS MUTUAL INSURANCE COMPANY
VAN WERT OHIO

*Fire, Automobile and Tornado Insurance for Select Risks*

## Summed Up

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## NEW MARKETS

A new book presenting opportunities for the development of new markets in Canada, the British Empire and the many countries with which Canada enjoys nation trade treaties has just been published. It will be sent on request without obligation.

*Department of Development*

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# What the Figures Show

THE beginning of August finds business activity in a dull and hesitant mood, to an extent a characteristic feature of summer months but exaggerated this year by the declining productive activity of the preceding 12 months and by unusually warm weather. But encouraging aspects may be found in the strengthening of commodity prices, the stability of a number of basic industries, and the increase in commercial loans.

### *Business Activity Index*

Our preliminary index of general activity for the week ended August 2 reached the lowest point of the past 2 years, touching 86.4% of normal compared with the revised figure of 90.5% for the preceding week and 114.5% a year ago. Our index, as calculated for this date just a year ago, began to reflect the constriction of business activity that became obvious after the market crash in the fall of 1929. The index for the past week has been largely influenced by the sharp decline in building contracts awarded in July as compared with the exceptionally high totals during the last days of June. This drop in construction projects caused our group of production indexes to fall to the low point of the year, 82.6% of normal. But the extensive projects already arranged during the first half of 1930 will exert their influence in the coming months, so that it is doubtful if productive activity will go appreciably lower. Declines in carloadings and check payments forced the trade group to slightly more than 10% below normal, but the level is considerably above the level of productive activity, which has been the rule for the year with the exception of a few weeks.

| THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY | Latest Week | Preceding Week | Year Ago |
|---|---|---|---|
| | *86.4 | †90.5 | 114.5 |
| ***Production*** | | | |
| Steel Mill Operation (% capacity) | 58 | 58 | 94 |
| Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis) | *$14,126 | †$15,766 | $23,984 |
| Bituminous Coal (daily average, 1,000 tons) | *1,332 | 1,320 | 1,601 |
| Petroleum (daily average, 1,000 bbls.) | 2,515 | 2,489 | 2,909 |
| Total Electric Power (millions K. W. H.) | *1,810 | †1,815 | 1,860 |
| ***Trade*** | | | |
| Car Loadings (daily average, all classes, 1,000 cars) | 153 | 155 | 184 |
| Check Payments (outside N. Y. City, millions) | $4,591 | $5,045 | $6,258 |
| Money in Circulation (daily average, millions) | $4,432 | $4,436 | $4,741 |
| Wheat Receipts (1,000 bushels) | 32,358 | 23,568 | 29,788 |
| Cotton Receipts (1,000 bales) | 20 | 19 | 60 |
| Cattle Receipts (1,000 head) | *125 | †146 | 180 |
| Hog Receipts (1,000 head) | *394 | †430 | 467 |
| Wool Receipts (1,000 lbs.) | 18,345 | 23,782 | 19,223 |
| ***Prices (Average for the Week)*** | | | |
| Wheat (No. 2, hard winter, Kansas City, bu.) | $ .78 | $ .81 | $1.31 |
| Cotton (middling, New York, lb.) | $ .127 | $ .129 | $ .190 |
| Iron and Steel (composite, ton) | $33.08 | $33.09 | $36.60 |
| Copper (electrolytic, lb.) | $ .108 | $ .108 | $ .178 |
| All Commodities (Fisher's Index, 1926-100) | 82.9 | 83.3 | 98.6 |
| ***Finance*** | | | |
| Total Loans and Discounts, Federal Reserve reporting member banks (millions) | $16,945 | $16,852 | $17,058 |
| Commercial Loans, Federal Reserve reporting member banks (millions) | $8,529 | $8,454 | $9,270 |
| Brokers' Loans, New York Federal Reserve member banks (millions) | $3,214 | $3,228 | $6,020 |
| Federal Reserve System Ratio | 83.1 | 83.5 | 74.6 |
| Stocks Sold (N. Y. Stock Exchange, 1,000 shares) | 10,401 | 10,380 | 18,051 |
| Stock Prices (N. Y. Times, average 50 stocks) | $200.79 | $201.10 | $281.98 |
| Bonds Sold (N. Y. Stock Exchange, par value, thousands) | $38,797 | $39,563 | $65,742 |
| Bond Prices (Dow, Jones, average 40 bonds) | $95.98 | $95.74 | $92.96 |
| Interest Rates—Call Loans (daily average) | 2.0 | 2.0 | 9.8 |
| Interest Rates—Time Loans (daily average) | 2½-2¾% | 2½-3% | 8½% |
| Business Failures (Dun, number) | 468 | 510 | 409 |

*Preliminary †Revised

### *Steel Operations*

The steel industry has been operating at about 58% of capacity for the past month which is usually the low month of the year. The trend of steel operation this year closely parallels that of 1928 when July also was the bottom month of the year, followed by the sharp upturn that led to the boom year of 1929. July production of ingots according to the American Iron and Steel Institute reached the low of the year and the lowest July since 1924. It is expected that the resumption of activity in many automobile plants announced this week will stimulate the industry. Our adjusted index of steel ingot production remains at 84.1%.

Building contracts for July reached the lowest level for the month for any year on record, with total awards of only $367,528,400, compared with $600,573,400 in June and $652,436,100 in July 1929, which was the largest month on record. The decline of 39% compared with June and 44% compared with July 1929 was due chiefly to the drop in the residential and public works and utilities groups. Only the relatively minor group "public buildings" showed an increased over June and July of last year. Total contracts of the first 7 months of 1930 ran 18% behind the same period of 1929. Our preliminary average of contracts awarded for the four weeks ended August 1 reached the lowest point since February. Figures for heavy construction for the first week of August compiled by the *Engineering News-Record* were more than double the totals of the preceding week and almost twice those of a year ago. Our adjusted index, based on the four preceding weeks, touched 73.1% of normal compared with 81.7% for the preceding week which was influenced by the high June totals.

The revised estimate of electric power production for last week while somewhat better than the preceding

year, remains considerably below it. This week's output showed a further slight recession instead of the customary steady upward trend from the low summer months. Our adjusted index declined from 102% of normal last week to 100.8% compared with 113.5% a year ago.

The group of trade indicators showed irregular behavior the past week, carloadings making the most unfavorable comparison with both 1929 and 1928 so far this year; every class, with the exception of coal, has declined since the preceding week ending July 19. Comparisons of the first 7 months this year revealed a level 10.1% below 1929 and 5.7% below 1928 for the same period. (Miscellaneous and less than carload merchandise freight show declines of 14.7% since a year ago and 11.8% since 1928.) Our index, adjusted for seasonal influence and long time trend, fell to 83.5% of normal from 85.3% the preceding week.

### *Check Payments*

Check payments in 140 cities outside New York for the week ended July 30 were 27% under a year ago and 15% under 1928, reflecting the midsummer inactivity of trade, both retail and wholesale, and lower activity on the stock exchanges. In the group of 130 cities outside speculative centers a decline of 23% compared with a year ago occurred. The unusually warm weather and declining industrial activity has exerted a marked influence on trade activity. Of the Federal Reserve Districts, only the New York area reported an increase in the total checks drawn for the week of July 30 as compared with July 23. Our index, adjusted for seasonal and trend factors and averaged with the preceding week, fell to 89.6% of normal compared with 97.2% the preceding week.

Money in circulation declined very slightly the last week of July compared with the preceding week. Stability, or better yet, a rising trend, coupled with more stable commodity prices and a rising total of commercial loans, would be an extremely favorable factor toward recovery of general business activity and one which seems very likely.

### *Agricultural Commodities*

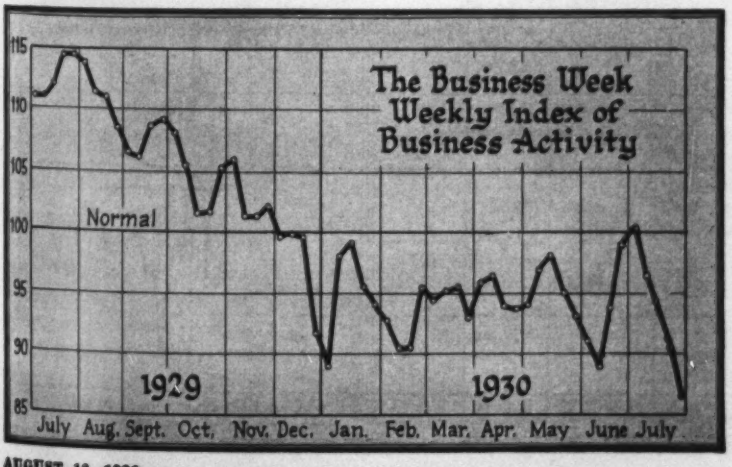
Attention of the entire business world has been turned to the spectacular rise of agricultural commodities, especially corn and wheat, as a result of the drought. Our weighted average price reflects the depths to which wheat had fallen during the week ended August 2. A substantial recovery has occurred in the past few days, sending September and December futures up 12 cents in 4 days. Grain shipments for the week ended August 2 gained over a million bushels over a year ago. Cotton sentiment has been bearish, but the expectation of a cut in crop prospects in the government's report has caused some upward movement of prices in the last few days.

Copper and steel prices have been encouragingly stable the last ten days, with little attempt to sell steel scrap short. Copper purchasing has been at a heavy rate the past few weeks. It is estimated that 11-cent copper has induced purchases of at least four months' supply, so that unless manufacturing activity becomes stimulated shortly, the next few weeks will probably see slow trade.

Fisher's all commodity index for the last week of July continued its decline, while our index of a group of sensitive commodities for the first week of August showed a slightly upward trend toward the end of the week.

One of the most encouraging features of the week was the upward turn of the commercial loans account of reporting member banks, partly a seasonal preparation for fall activity. The actual dollar total still runs under the years 1927, 1928 and 1929, but when adjustment is made for the fact that each dollar purchases more in a declining commodity market, together with consideration of the seasonal influence and trend, the index rises to 105.8% of normal compared with 104.9% the preceding week. The adjusted index of total loans and investments of reporting member banks also rose slightly from 104.2% of normal to 104.8%, the rise being due to the increase in commercial loans and investments of banks in securities other than U. S. government securities.

*The Business Week's* weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.




### *Business Failures*

Business failures for the week declined sharply from the mid-July peak, but the situation for the month of July is none too rosy. An exceptional number of large failures seems to characterize each month of this year to date. According to Bradstreet, the failures for the first 7 months of this year have been greater in number and liabilities involved than any similar period in the past ten years. Both Dun's and Bradstreet's compilations indicate a decline from the high totals of the first half of 1930, but Bradstreet finds the July record to be 18.6% above 1929 and 35% above the July average of the past ten years. Gross liabilities for July were 36.8% below a year ago but 30.5% above the ten year average.

# Money and the Market

STOCKS fluctuated this week within about the same limits as prevailed during the preceding two. As was the case last week, they rose, then fell. The most sensitive money rates were slightly firmer and there were vestiges of increased commercial demand.

The stock market appears to be waiting for statistics to back up its belief in a turn for the better in business. The week's news was mixed, not at all helpful to the speculator desiring clear handwriting on the wall. But the more courageous and foresighted are reported buying in small lots and for cash.

The crop scare added uncertainty to stocks, but no one was sure enough of its actual effects to act. Increased activity in automobiles was encouraging earlier in the week, the slight downturn in steel operations discouraging later.

Stock sales continued low, averaging well below 1½ million shares daily. Volume dried up on efforts to push prices down. Professional sales to keep a market in progress plus corporations maintaining a market for their own stock accounted for a large part of what there was.

Bonds differed sharply from stocks, were firm and the market strong. Representative issues reached the highest point this year, exceeding the peak attained in the March bulge. The week was the fifth consecutive one of rising bond prices.

The strong bond prices are the most hopeful sign actually visible. A rising market in these securities frequently has been the precursor to a better turn for business and to rising stock prices. Buying is very largely institutional with the result that there is much greater strength in first-grade issues than any others.

Bank buying of bonds continued unabated and the weekly reporting Federal Reserve member banks now hold $6,291 millions of investments. Of these, $2,932 millions are governments and $3,359 millions other securities. The total is $742 millions higher than a year ago. Less than one-third of the increase is in government securities.

A gain of $75 millions in commercial loans indicates a pickup in commercial use of funds, a hopeful sign if the move is sustained. The rise follows 4 weeks of decline. Security loans for the week increased slightly.

The Federal Reserve Board reported new and more complete figures for bank security loans this week, putting the total of known reported loans of this type at $12,050 millions on June 30, a decline of $4,924 millions from the high point Oct. 4. The decline is more than accounted for by a decrease in other lenders' funds. Total for the banks is the highest ever, at $10,680 millions as shown elsewhere in this issue.

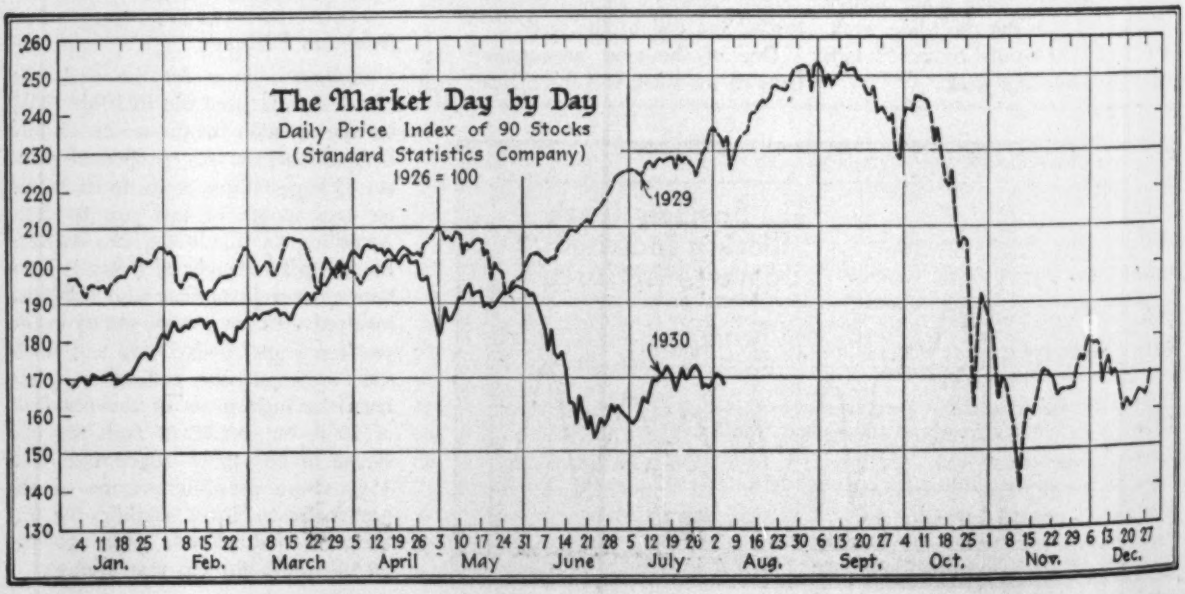
Gold exports continued in large volume, mostly to France. Outflow for the week was $26 millions, sending the total for the movement to about $75 millions. Foreign exchanges were still strong, but more irregular this week, bringing some belief that the movement might be nearing an end.

THE majority of stocks were higher in August than in July, but lower than the year's opening, *The Business Week's* monthly test of movements of active stocks shows. Of about 700 issues traded in on the New York Stock Exchange Jan. 2, 39.6% were higher August 1, 58.5% were lower and 1.9% unchanged. Compared with July 1, 64.6% were higher, 27.2% lower and 8.2% unchanged.

Call money firmed up to 2½%, the first time in about 4 weeks that it has been above 2%. Rate on surplus Reserve funds was higher, showing the banks to be using a larger part of their resources. The St. Louis Federal Reserve bank reduced its discount rate to 3½% from 4%.

Loans to brokers for the week declined $14 millions further, though the market made but little net change. This attests to the strong position of the market. The week saw New York banks assuming much more of the total. Their loans to brokers were up $50 millions. Out-of-town banks withdrew an additional $51 millions and other lenders took out $13 millions.

The Federal Reserve system of its own accord did nothing. Its holdings of government securities were unchanged at $576 millions, and its bill holdings up only $3 millions. Discounts rose for the second week, the growth being nearly $9 millions. The increased discounts were more than accounted for by New York, as was the increase in bill holdings.



# The Oil Curb Begins to Tell

THE petroleum conservation program seems well under control and the industry is in the best condition it has been in some time. Daily average crude production for the week ending July 19 was 405,000 barrels less than the same week last year. For 6 successive weeks gasoline stocks have been reduced; from July 19 to July 26 they dropped 1,186,000 barrels.

***Pools Make Headway***

Now that the Hobbs Pool in New Mexico has been placed under a conservation plan, every important pool is making real headway toward a rationing scheme. The Hobbs Pool, with a present potential output of 175,000 barrels daily and with some 500,000 barrels possible in the near future, has been restricted to 35,000. Oklahoma is producing about 585,000 barrels daily but the Corporation Commission has approved the recommendation of the operators that this be reduced to 550,000 until September 1. Texas has been producing more than its quota and expects that the State Railroad Commission will shortly issue orders to restrict production. California appears to be fairly well under control.

***Refinery Stocks Cut***

Refinery operations have been curtailed to an extent which, if maintained, will reduce gasoline stocks to a satisfactory level by the end of the year. Total stocks on July 1, according to the American Petroleum Institute, were about 51,000,000 barrels; 17,000,000 more than on January 1, 1929. Consumption is about 8% greater this year than in 1929 but, with gasoline yield per barrel of crude oil constantly increasing, refiners must keep operations well below those of last year in order to lower stocks

## American Buyers in Paris Recalled: French Seek Us

SEARS, ROEBUCK and Montgomery Ward have withdrawn their buyers from Paris. The big department stores and the chains may follow in the shift from a buyer's to a seller's market.

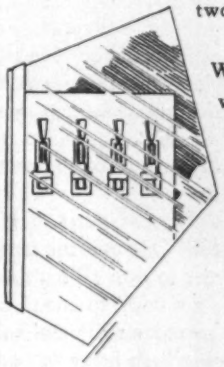
For Europe is "going on the road." Now, she comes to America, where formerly she waited behind the counter.


## Robots for Power Plants— Glass Partitions for Basements

ROBOTS and a central control board—designed and installed by us—enable one man to operate all of the major mechanical equipment in a large steam electric generating station.

Glass and metal partitions protect visitors from accidental contact with switch boards and mechanical equipment in the basement of a Barstow-planned office building.

Your building, too, can perhaps be made more efficient by incorporating an idea or two developed by our engineers.



W. S. Barstow & Company is continually working out and testing new methods of increasing building efficiency. There are no practical ideas too radical for us to plan or put in effect.

Our twenty-page construction booklet will be sent on request.

**W. S. BARSTOW & COMPANY, Inc.**

*Engineering—Design—Construction*

120 Wall Street
New York City

412 Washington St.
Reading, Pa.

## Claude C. Hopkins

Offers service to advertisers and advertising agents on a fee basis. It may extend from letter suggestions and criticisms to a survey on the ground. New ideas are suggested, pattern ads prepared New pamphlets are written when wanted. Please write him if you need help. Address Claude C. Hopkins, Fruitport, Mich., or 8 S. Michigan Ave., Chicago.

## EXECUTIVE AVAILABLE ► ►

• FORMER Executive Vice-President and operating head of two large manufacturing corporations doing national business desires position for which he is fitted as General Manager or Marketing Executive.

Understands organization and possesses thorough knowledge of mining, manufacturing, marketing in all its phases, engineering and contracting, finance and the institution and development of research laboratories for production and utilization Has successful background of accomplishments which has included all administrative phases of manufacture and marketing.

He is now engaged as consultant on management problems, entailing research on problems of organization, finance and executive management. Not afraid of large responsibilities. Compensation based on results. Business and personal references. For further details address Russell T. Gray, 205 Wacker Drive, Chicago, Telephone Central 7750.

# The Dublin Letters

## To Mr. Derby Thomas of the Dublin Advertising Agency, Containing a Suggestion

*Pinehurst*
*January, 1928*

Dear Derb:

Your maiden batch of copy sent here to me has been returned to Archie Bellamy with my request that he discuss it with you.

I am anxious for you to have some sort of working acquaintance with Mr. Bellamy and this will sprout after he receives my letter. It will be to a good extent informal. I advise against letting your copy hankering wean you away from your present definite relationship to Ben Frost.

Perhaps you have noticed that Archie Bellamy is in fact, as well as title, Director of Copy in the Dublin Agency. When I say emphatically to you that he is IT I do so not merely to draw organization lines but to breathe a gratitude for his being on the premises.

Archie is a born word-man. He handles words with much the same affectionate, dignified familiarity that characterizes Terhune and his dogs. He originally intended to devote his life to the study of classical literature. But, due to the death of his father while Archie was a sophomore at Columbia, he made a discovery. He discovered what he called the living literature of living people—a spoken literature. The revelation came to him while working as an extra man driving a laundry wagon to help pay the expenses of his junior year. He couldn't make the grade financially and, therefore, was not graduated.

But, as Archie tells it, although he tried to feel bad about his interrupted university career he was unable to muster a genuine grief. It seems that the laundry wagon experience had done something to him. He says it led him to a mental and spiritual Yukon.

The gathering of a new conviction began to show—a feeling that the human race itself was more important than books. He found himself becoming curious about the lives of people—the laundry girl, cops, housewives, retail merchants along his route, his fellow wagon-drivers, stable-men, ladies of mysterious means of support, newsboys, the whole drift of humanity filling the streets and living in tiers in apartment houses.

Archie, being a word-man, developed a passionate interest in the contemporary jargon. He describes himself as thrilled at what he called a spectacle of sound. He pictured words as bubbling up from humanity like a huge underground spring of language seeking an outlet to the surface. For the first time he really understood what language was for: it was a reaching out to the Other Man, an escape from individual isolation. Without language a being would be imprisoned in himself, living a lone existence in the midst of a fellowkind as lonely as himself.

This took hold of Archie. It became his one single passion to listen to the spoken word with all its rough-formed locutions, chopped off sentences, pat slang, groping inarticulations. He became a phrase collector of the sidewalk. He kept on driving the laundry wagon and tried to write stories at night reproducing the current talk of the common people he knew.

These stories were failures. He couldn't make plots. He quit the laundry wagon in order to own all his time for writing. He got down to one clean shirt, two weeks' overdue room rent and the choice of going back home to bum a meal off his mother, or starving to death. Then it occurred to him that somebody must write all the advertising he saw, although he never heard of anyone writing an advertisement.

He fumbled into the Dublin Agency and offered himself for $20 per week. I gave him $25.

The first ad that Archie Bellamy ever wrote was not only published—I kissed it.

Now I have reason for giving you this brief scenario of Archie Bellamy. I want you to take him and what I say about him *on faith*.

Faith is often a short cut to the big lessons. If a master has to grapple with a disciple who has a show-me slant to his bean, the relation too often sinks to a mere endurance contest in argumentation. As you grow older you will see that there is no percentage in winning an argument. The large and useful graft of life lies in getting a course of action.

One way to write a piece of copy is—

A—Work yourself up into a state of great discomfort caused by a rash of curiosity. Find out every thing you can about the product; the policies of the people who make it; the people who buy it; the competitors who don't wish it any too much luck.

B—Be sure you know the *uses* of the product. You are going to tell folks it's good for something.

C—Think about your one piece of copy *all the time*—not just from 9 to 5.

D—Get a headline that involves the *self-interest* of the *reader*. Never mind what sounds good to you.

E—Get an opening paragraph that promises to tell the reader something he *cannot afford to miss*—and promise him quick.

F—Go on from there, always remembering that writers who have nothing interesting to say should keep away from printing presses.

I have only one comment to make on your 26 pieces of copy—and that's a bulk remark. *Don't write bulk any more.*

It does seem that out of 26 ads one or two would be a hit. But it doesn't work that way. It only makes a bigger noise when the whole 26 flop simultaneously. It is the painful reverberation of 26 ash cans being emptied at six o'clock in the morning.

Have you taken your note today? How's your general genius?

Please write your mother often. You are her whole bag of hopes and she worries about the parcel getting lost or stolen. Good luck. J. W. D.

## Government Aids Hawaii In New Pearl Industry

HAWAII is to have a new industry. To increase the prosperity of the already affluent islands, steps are being taken by the Commerce Department to establish pearl fisheries there on a paying basis. At present there are no pearls in Pearl Harbor, but a few minor beds remain along outlying reefs in the island group. An expedition headed by Dr. P. S. Galtsoff is now at work transplanting the pearl clams—not oysters—to bays bordering the inhabited islands.

Standing as No. 71 in the list of United States imports according to value, pearls not set or strung were brought in last year to the extent of over $10 millions, not counting those that were smuggled. Although the pearl tariff has been reduced from 20% to 10% ad valorem, the present rate still gives Hawaii a good marginal advantage to compensate for the relatively high wage scale current there.

# Wide Reading

THE SELECTION, ASSIGNMENT AND TRAINING OF WORKERS. Henry S. Dennison and John S. Keir. *Personnel*, August. Summary of a well-received paper presented at the Fourth International Congress on Scientific Management, in Paris.

THE LUXURY OF INTEGRITY. Stuart Chase. *Harpers*, August. More meaty than the usual summer philosophy.

THE OPPORTUNITY OF THE PRESS IN THE SMALL CITY. Oswald Garrison Villard. *Nation*, July 30. Remarks on the corruption of the press. Vigorous, inadequate.

MOSCOW STRETCHES EAST. Wilm Stein and Heinz Pol. *Living Age*, July 15. Berlin correspondents see Russia realizing ambitions along Turksib and in Central Asia.

THESE LITERARY LOBBIES. Harry Hansen. *North American Review*, August. Entertaining and enlightening facts on the author's tea racket, which flourishes spasmodically.

TOMMY LAMONT OF J. P. MORGAN. B. C. Forbes. *Forbes*, August 1. Close-up of a banking wizard.

HARNESSING THE RIO GRANDE. Freeman Tilden. *World's Work*, August. Another conservation scheme in the Southwest.

THE HUDSON BAY PORT, A NEW CENTER OF WORLD TRADE. J. A. Stevenson. *Current History*, August. An interpretation of distances between North American and European markets through Port Churchill.

COSMETICS: THE AMERICAN WOMAN RESPONDS. *Fortune*, August. Helena Rubenstein, Elizabeth Arden, Coty, Armand—and the big beauty business.

ORDER OUT OF COLOR CHAOS IN THE KITCHEN. J. W. George. *Advertising & Selling*, July 23. The beginning of color regulation for merchandise.

## BOOKS

TRENDS IN RETAIL DISTRIBUTION. Daniel Bloomfield. H. W. Wilson, 509 pp., $2.25. Selected articles on such topics as "Group Buying," "Maintenance of Retail Prices," "Aspects of Consumer Demand." Classified bibliography.

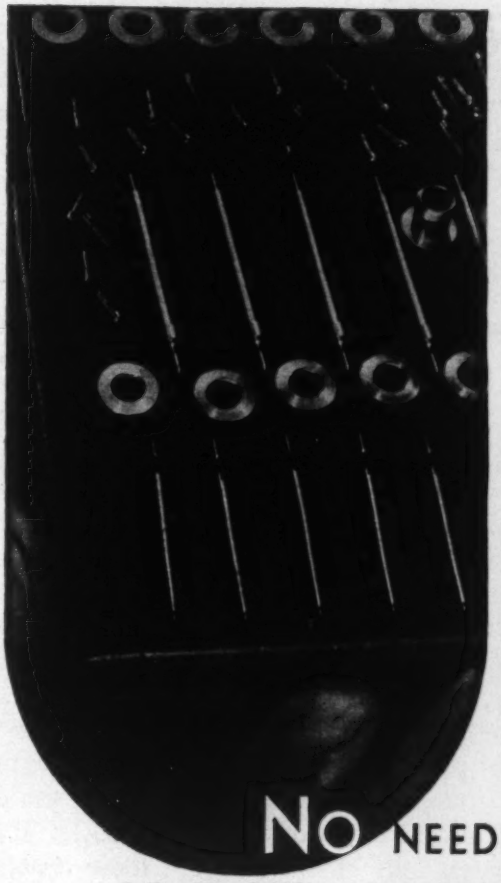
PLANT LOCATION. W. Gerald Holmes. McGraw-Hill, 275 pp., $3. Attempt to apply scientific management principles to a task which usually is done by guess. Specific directions for choosing locality, particular community, and site.

THE CONTROL OF DISTRIBUTION COSTS AND SALES. William B. Castenholz. Harper, 194 pp., $3.50. A sign of the times—cost accounting for sales rather than manufacturing.

AMERICAN INDUSTRY AND COMMERCE. Edward Dana Durand. Ginn, 653 pp., $4. Economic picture of the United States; facts regarding its sources of wealth, its industry and commerce; basic causes of prosperity and progress.

THE HEALTHY MIND. H. B. Elkind. Greenburg, 269 pp., $3.50. Eight talks on mental hygiene. Interesting advice on keeping mentally fit.



CARPENTER
No. 5
EASY TO MACHINE
EASY TO GRIND
EASY TO POLISH

*Thousands of these tiny clock parts are turned out rapidly and smoothly with Carpenter Stainless No. 5.*

NO NEED TO ADJUST OR SLOW UP YOUR MACHINES TO USE THIS STAINLESS STEEL

Do not continue to think that in order to use Stainless Steel you must change this or that or the other thing in your machines... For you can now have—in Carpenter No. 5—a stainless steel that will machine, grind and polish just as easily as ordinary screw stock. No need to change your cutting angle. No need to slow up. No special adjustments. No loss of production time... And, best of all, finished products frequently cost no more than when made of ordinary steel and plated.

And Carpenter has brought similar high quality and workability to stainless strip steel, also. Available in straight chrome irons and 18-8 chrome nickel grades.

Verify these true statements. Samples will be sent you for the asking—just tell us the grade you need—to test on your own machines.

THE CARPENTER STEEL COMPANY, READING, PA.
*Tool and Alloy Steels Exclusively*

Carpenter
STAINLESS STEEL

***This is the steel that has been widely adopted by the Automotive Industry to replace many plated parts.***

THE BUSINESS WEEK

*The Journal of Business News and Interpretation*

**August 13, 1930**

# The Heavy Oar

ONE of the doleful diversions of the defeatists during the current depression has been to dwell upon the dark and dismal aspects of conditions abroad in order to clinch the comforting conclusion that recovery here is impossible till the prosperity of the rest of the world is restored. Unemployment in England and Germany, revolution in India and Egypt, civil war in China, the earthquake in Italy, the collapse of silver, the declining purchasing power of Latin America, and the outbreak of protectionist paranoia abroad, are all enlisted as undertakers' assistants to aid in the interment of our hopes of rapid revival in the United States.

It might be imagined, from this shallow survey of the situation, that this country's position and responsibility in world economic affairs were about as important as that of Siam or Switzerland. If this state of mind were due merely to modesty it might be excusable; but everyone will recall that many of these solemn owls who now hoot their warnings of world depression were playing the part of patriotic spread-eagles during the period of prosperity some time since.

The fact is that the United States has become the governor, or the fly-wheel, in the world machinery of business, regulating the cycle of prosperity and depression and setting the tempo of progress in every corner of the globe today. As the world's largest consumer of raw materials, as well as of luxury goods produced in all countries, our appetite and purchasing power—with a national income greater than the aggregate of all other nations—controls the currents of world commerce. Moreover, as the largest reservoir of credit, with nearly half the world's gold reserves, our banking resources determine today the flow of purchasing power in the channels of world finance.

It is clear that the constriction of credit in this country, accompanying the hysteria of security speculation in the last two years, clogged the channels of international commerce and finance, paralyzed the world's purchasing power, and precipitated depression abroad. The shadow spread like an eclipse from the lower end of Manhattan, first to Canada, then to South America, then to England, Germany, Italy, and is now touching France. Gradually now, the Western Hemisphere is beginning to pass out from the fringes of the penumbra, and as soon as the sun shines full upon the United States again, the rest of the world will feel its warmth.

Already part of the gold piled up here has begun to return, as the congealed currents of foreign credit thaw. Increased purchasing power from this source, together with the renewed demand for raw materials and other foreign products that will come with business revival here, will check the spread of depression abroad. It was in large measure the force of American prosperity that pulled Europe and all the world out of the depths of the post-war débâcle. It will be much easier now, for all those countries have gone far in the process of reconstruction and are in far better condition than they were in 1924 when the Dawes Plan had to be made.

The fact of international interdependence remains as undeniable as ever; but we know now that it is an unequal dependence. World prosperity and commercial policy is dominated by our own, and the responsibility for progress or decline in both is primarily ours.

Not merely by achievement but by example also we swing the heavy oar in the universal human race against poverty, despair, and political stupidity. We should not be resting on it in fatalistic resignation now.

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